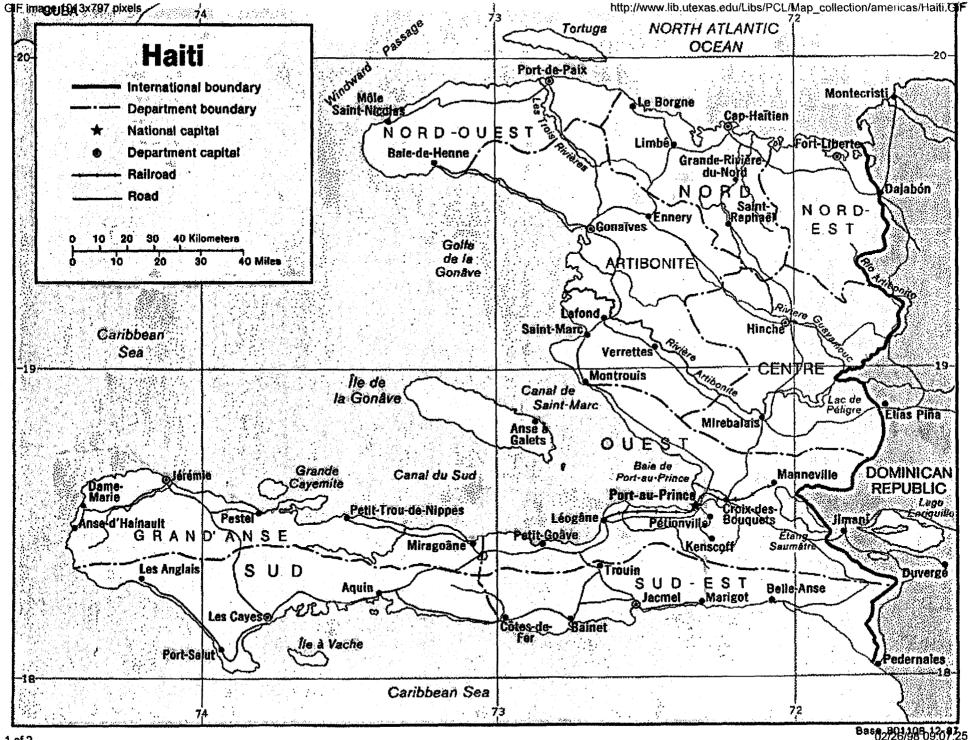
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# USAID STRATEGIC PLAN FOR HAITI Fiscal Years 1999 - 2004

# **Table of Content**

		Page
I.	Strategic Plan In Brief	. 1
	A. Introduction	
	B. The Strategy in Summary	
	C. Overview of Progress	7
	D. Performance Monitoring Plan	
	E. Cross-Cutting Themes and Principles	
	E. Cross-Cutting Themes and Principles	. 11
	C	12
11.	Country Overview	. 12
	A. The Nature of Poverty in Haiti	. 13
	B. Macroeconomic Environment	
	C. Socio-Political Environment	
	D. Gender Concerns	. 22
Ш	[. Strategic and Special Objectives	. 24
	A. Sustainable Increased Income For The Poor	. 24
	B. Environmental Degradation Slowed	. 42
	C. Achieve Desired Family Size	. 56
	D. Increased Human Capacity	
	E. More Genuinely Inclusive Democratic Governance Attained	
	F. Streamlined Government	
	G. Police Better Protect and Serve Haitians	
TV	. Summary Analysis of the Assistance Environment and Rationale for	
•	Haiti Program	108
	A. Linkages of Strategic and Special Objectives	108
	1. Government of Haiti Goals and Objectives	108
	2. U.S. Mission to Haiti Goals and Policies	
	3. Regional Priorities (Summit of Americas Objectives)	
	4. Agency Goals	
	B. Foreign Assistance History - U.S. and Other Donors	112
	C. Positive Results	
	D. Actual and Potential Sources of Conflict	
	1. Background	
	2. Internal Sources of Conflict	
	3. Impact of the Strategy on Sources of Conflict	130
	E. Customer and Partner Involvement In the Strategic Planning	100
	Process	. 132

F. Transition from Relief to Development Programs	134
V. Performance Monitoring Plan of the Mission Strategic Plan	136
VI. Resource Requirements  A. Program Funding Requirements  B. Discussion of FY 1999 Programming Options  1. Sustainable Increased Income for the Poor  2. Environmental Degradation Slowed  3. Achieved Desired Family Size (DFS)  4. Increased Human Capacity (IHC)  5. More Genuinely Inclusive Democratic Governance Attained  6. Streamlined Government  C. Operating Expenses  Appendixes:  Development Assistance Committee (DAC) Common Objectives  P.L. 480 Title III Program  R4 Cable  Annexes:  Selected Bibliography  Environmental Analysis  Participants in the Elaboration of the Strategy	138 138 145 145 146 147 148 150 152
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# List of Acronyms

ADRA	Adventist Development and Relief Agency	IFES	International Foundation for Electoral Systems
ASSET	Agriculturally Sustainable Sys-	IFI	International Financial Institu-
MODEI	tems and Environmental Trans-	11 1	tions
	formation	IIBE	Improve Basic Education
BRH	French acronym for Central	ILD	Institute for Liberty and Democ-
	Bank		racy
CARP	Center for Applied Research on	IMF	International Monetary Fund
	Poverty	INARA	French acronym for Agrarian
CEP	Provisional Electoral Council	Alteria de la composición dela composición de la composición de la composición dela composición dela composición dela composición de la composición dela composición de la composición de la composición dela composición d	National Reform Institute
CIDA	Canadian International Develop-	IR	Intermediate Result
	ment Agency	IRI	International Republican Institute
CLED	French acronym for Center for	MDF	Municipal Development Fund
	Free Enterprise and Democracy	MICIVIH	French acronym for UN/OAS
CMEP	Modernization of Public Enter-		Civil Mission to Haiti
	prise Council	MOE	Ministry of Education
CPR	Contraceptive Prevalence Rates	MOJ	Ministry of Justice
CSD	Civil Service Downsizing	MofAg	Ministry of Agriculture
CRS	Catholic Relief Services	MPP	Mission Program Plan
EDH	French acronym for the Electric	MSPP	Ministry of Public Health and
	Parastatal		Population
EERP	Emergency Economic Recovery	NDI	National Democratic Institute
	Program	NEP	National Education Plan
ESAF	Enhanced Structural Adjustment	NEAP	National Environmental Action
	Facility		Plan
ESF	Economic Support Funds	NGO	Non-Governmental Organization
EU	European Union	NXP	Non-Expendable Property
FADH	French acronym for Haitian	OE	Operating Expenses
	Armed Forces	PAU	Parliament Analysis Unit
FAES	French acronym for Economic	PFP	Policy Framework Paper
	and Social Fund	PLUS	Productive Land Use Systems
FAO	United Nations Organization for	PURE	Progamme d'Urgence de Relance
TITLE A SALE	Food and Agriculture	DITO	Economique
FENAMH	Mayors Federation	PVO	Private Volunteer Organization
FONHEP	Haitian Foundation for Private	SO	Strategic Objective
ECM	Education Field Service National	SOE	State-Owned Enterprises
FSN GOH	Government of Haiti	SSO UNDP	Special Strategic Objective
HEF	Haitian Environmental Founda-	UNDF	United Nations Development Program
IIDI .	tion	WB	IBRD
HPZ	High Potential Zones	WHO	World Health Organization
HNP	Haitian National Police		2
ICITAP	International Criminal Investiga-		
	tive Training Assistance Program		
IDB	Inter-American Development		
	Bank		

# USAID STRATEGIC PLAN FOR HAITI Fiscal Years 1999 - 2004

Vision: Sustainable Democracy With Equitable Economic Growth

## I. Strategic Plan In Brief

#### A. Introduction

This document presents a six-year strategy for the USAID program in Haiti for the 1999-2004 period. It capitalizes on Haiti's unique development environment and USAID's investments and experiences during the previous five years. The goal of the 1993-1997 strategy was to help establish the conditions for the majority of Haitians to improve the quality of their lives. Our new strategy emphasizes poverty reduction in a democratic society through activities which mitigate the effects of poverty, addresses poverty's underlying causes -- high fertility, poor education and environmental degradation -- and creates opportunities to increase income. This strategy supports economic growth not only by enabling Haitians of all economic classes to be more productivebut also by addressing their security, and governance concerns and their aspiration to participate more fully in the development of the country.

The approach to implementing this strategy is as significant as its content. The strategy envisions involving the Haitian population more profoundly in the nation building. To do so, the central government must present a credible appearance of effectiveness, legitimacy and transparency. USAID's first principal is to foster good government through assistance in the justice sector and in downsizing the civil service and privatizing state-owned enterprises. Good government requires popular participation, USAID's second guiding principal. We stress community participation on all levels, from implementation of the Government of Haiti (GOH) decentralization policy to grass roots, cross-sectoral endeavors promoting citizen involvement and advocacy. The third guiding principle is the development of Haitian institutions capable of researching the issues, defining the policies and advocating for change. The third guiding principle is the development of Haitian institutions capable of researching the issues, defining the policies and advocating for change. The fourth guideline is "leading from behind"; USAID seeks Haitian initiatives and groups worth supporting rather than imposing them on the country and its people.

USAID recognizes that the vision, "A Sustainable Democracy With Equitable Economic Growth" will not be realized in a six year period. Our strategy builds the foundation for a sustainable democracy in an equitable economy, a vision that will require at least a generations to attain. It recognizes that the basis on which democracy and economic growth are being institutionalize is low to non-existent. Even a well-organized, experienced

administration would have a difficult time meeting the enormous challenges found in Haiti today: too many people live on too little land with too few economic opportunities. Even a literate population with access to reliable information would have a difficult time voting their choices when the candidates have little experience in political campaigns and presenting their messages. And finally, even a more egalitarian culture with a history of power-sharing institutions would have difficulties brokering compromises on issues generated by these problems.

# B. The Strategy in Summary

Rationale: Poverty, Equity and Growth. USAID's Strategic Goal for 2004 is Reduction of Poverty in a Democratic Society. As an initial matter, we would like to set forth USAID's understanding of the relationships between poverty reduction, equity and economic growth. These considerations will help to explain why poverty rather than growth is the initial object of this strategy and why a democratic society is the best basis for sustainable growth in the long run.

To achieve reduction of poverty in the near term, this strategy will focus not only on income generation but also on alleviating the worst misery and on redressing the deep inequity that is the legacy of misrule. An economic development program in Haiti that did not contain poverty reduction activities would founder on the rocks of popular bitterness and populist demagoguery. Moreover, a strategy that increased economic growth without reducing population growth would be overwhelmed by the sheer numbers of Haiti's poor. Consequently, the strategy will address the underlying causes of poverty while relieving some of its worst effects. Our program will attack the population growth issue head on. Other USAID activities will improve access to services, including education and health, to help put Haiti's citizens — especially the young — on a better path to a secure future.

The strategy also defines government and democracy in a broader sense than has been applied to date. We do not assume that the central government will be the sole active participant and supplier of goods and services to the population. Instead USAID will help better define and reinforce an active role for local government and civil society in bringing Haitians together to provide goods and services as well as to solve their problems.

Several USAID supported activities will induce growth at the farm and microenterprise levels, but the strategy will not, in itself, create major grouth. USAID's work will be complimented by activities supported by other donors to achieve equitable economic growth. In particular, the efforts of the IBRD and other donors are required to rebuild Haiti's crumbling infrastructure and to inculcate policies, attitudes and institutions that will attract investors, employers and export markets for Haiti. USAID's two special objectives (SpO) described below contribute to this longer term vision. The 1999-2004 Strategic Objectives aim to give the poor majority opportunities for participation and increased productivity so as to provide hope and stability for the long haul.

The Strategic Objectives

#### 1. Sustainable Increase Income for the Poor

The Problem: Sixty-five percent of the population live in rural areas and more than 80% of the rural population live below the poverty line. The majority attempt to eke out a living from the severely eroded slopes of the steep hills that cover much of Haiti. Farm holdings generally are neither large enough nor fertile enough for successful subsistence farming, Limited access to credit and technology, a complicated legal system that makes land titling difficult and deters land improvements, and the lack of public investment and basic infrastructure in rural areas all contribute to low agricultural productivity.

The Solution: USAID can have its greatest impact on poverty by developing replicable models for income generation in the informal sector, and for increased agricultural productivity of hillside farmers. We will provide poor farmers and entrepreneurs with financing, inputs, information and opportunities to enhance their profitability. USAID will work with public and private groups, to improve the environment for economic growth and increase real incomes. Since microenterprise is the best approach for increasing real incomes of the poor, USAID will address two significant constraints, access to credit and information. USAID will also strengthen Haiti's institutional capacities for reforming macro-economic policies.

Subject to the availability of funds, USAID will initiate a secondary cities program to assist local governments, business and civic groups to develop alternatives to Port-au-Prince. Under this approach, selected cities will be developed to attract investment and create jobs. While other donors develop public infrastructure in the selected cities, USAID will strengthen public education and vocational training, as well as promote public-private cooperation and competition among different suppliers of city services, such as electric power or telephone service.

### 2. Environmental Degradation Slowed

The Problem: Haiti is increasingly losing its productive potential. Due to the loss of its vegetative cover it is also beginning a process of decertification. Only 1.5% of Haiti's natural forest remains and 25 of its 30 watersheds are denuded. Deforestation of Haiti's mountainous countryside has resulted in extensive soil erosion. An estimated 15,000 acres of top soil are washed away each year, with erosion also damaging other productive infrastructure such as dams, irrigation systems, roads, and coastal marine ecosystems. The growing gap between fuel-wood supply and demand is exacerbating environmental degradation as peasants cut the few remaining trees to produce charcoal.

The Solution: The disastrous pace of environmental degradation in Haiti is closely tied to the lack of viable economic alternatives. The rural poor must either farm unsuitable land and deplete the natural resource base or move to urban slums. USAID's strategy attempts to encourage local initiatives to improve management of natural resources, promote better environmental policies, and support economically viable productive enterprises. USAID works with public and private institutions to promote conservation and

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sustainable exploitation of natural resources. USAID also supports energy, agriculture and microenterprise activities which offer the poor alternative sources of food, income and fuel that are now aquired by depleting the natural resource base.

#### 3. Achieve Desired Family Size

The Problem: There is strong evidence that most Haitians want fewer children, yet the population continues to grow at the very high annual rate of 2.3%. At current fertility rates, Haitian women will give birth to an average of 4.8 children during their reproductive years and the current population, estimated at 8.0 million, will double by the year 2027. This rapid population growth jeopardizes investments made for the economic and social development of the country, depletes the already degraded natural environment, and hinders efforts to respond to basic human needs.

Population pressure also contributes to poor health and woefully inadequate health care. One in eight children born will not live to the age of five; this is the highest under-five mortality rate in the Western Hemisphere. Maternal mortality is estimated as high as 1,000 per 100,000 live births. Yet, most Haitians have no access to reproductive health or child survival services. The health system is dispersed among public, private and jointly administered facilities. It is characterized by inequitable distribution of facilities and resources, poor availability and management of essential drugs, and service providers with weak reproductive health and child survival skills.

The Solution: Based on the recommendations of the "Cairo" Conference on population, USAID will implement a comprehensive reproductive health services program which addresses the inter-relationships between family planning, maternal health, child survival, HIV/AIDS prevention, girls education, and women's income and position in society.

#### 4. Improve Human Capacity

The Problem: Education in Haiti remains the weakest in the Western Hemisphere. The national adult literacy rate is below 35%, and fewer than 75% of school age children are enrolled. The poor quality of education is the result of inadequate learning materials, unqualified teachers, and the government's inability to provide resources to improve the primary education system.

To compensate for deficiencies in public education, a system of private primary school education -- supported primarily by religious, philanthropic and community organizations -- has evolved in Haiti. The quality of instruction at the majority of these schools is far from the minimal acceptable standards for the hemisphere. Two out of three students drop out before finishing school, and more than half of those remaining will repeat at least one grade before passing the sixth year exam. On average, it takes 16 pupil years (rather than the intended 6 years) to produce one graduate.

AND SOMETHINGS LOW

There is a particularly vicious nexus between lack of education, population and health problems and the degraded condition of women in Haiti. Although experience shows that a girl's level of education influences her knowledge and use of reproductive health and child survival services, over one-third of Haitian women age 15-49 have no education. The children of these women are 1.7 times more likely to die before reaching the age of five than the children of mothers with a secondary education. More than one-third of adolescent girls gives birth before the age of 20, with early childbearing prevalence higher among those with no education (26%) than those with a secondary education (8%).

The Solution: USAID's strategy for assistance to the education sector is to improve the quality of instruction and administrative efficiency in primary schools serving rural and depressed urban areas and to help establish a sustainable primary education system in Haiti. We will also support efforts to improve the quality and availability of technical training that meets job market demands.

USAID's largest activity will continue to be improvement of both public and private primary schools. We will support in-service training of teachers and school directors in 485 core schools with the objective of sharing innovations with other schools in "quality networks". In addition, the network schools will participate in the USAID school feeding program to address nutritional deficit problems. These problems results in school absences due to sickness and learning difficulties. By addressing these problems we can increase the chances that children of the poorest families will attend school.

## 5. More Genuinely Inclusive Democratic Governance Attained

The Problem: According to a series of assessments and surveys funded by USAID, most Haitians are disillusioned with the ability of democracy and democratic processes to address problems of economic stagnation, unemployment, and poverty. They believe that elected officials do not represent public views and interests. They also believe that corruption and inequity are pervasive throughout the judicial system. Moreover, most prospective foreign and local investors have expressed the need for a justice system which protects property, promotes trade, and provides a stable legal environment for commercial activities.

While there have been improvements during the last four years, the judicial system remains weak in its ability to guarantee due process and to administer justice. For example, it is estimated that 80% of prisoners are in pre-trial status; 20% of them have already served terms longer than their sentences would have been had they had expeditious trials.

The Solution: USAID will work with Haitian civil society and government, both national and local, to increase demands from the people for justice, good governance and respect of human rights. We will seizing targets of opportunity to strengthen the system's capacity to respond. USAID's activities will promote the institutionalization of rule of law, as well as effective advocacy and inclusive policies. We will also support Haitians as they

define the relative roles of national and local governments and establish approaches to provide responsive services. Moreover, we will continue to encourage competitive processes in which the will of the people guides the selection of government officials in elections that reflect dramatic increases in participation rates. We will also promote both security and justice -- in continued support for development of an accountable police system and a judicial system which is perceived as transparent, accessible, based on the law, broadly perceived as fair in a society that demands justice and respect for human rights.

## The Special Objectives

#### 6. Streamlined Government

In October 1996, the Haitian Government reached agreement on a three year, \$135 million Enhanced Structural Adjustment Facility (ESAF) to revitalize the economy and modernize public administration. The ESAF called for stringent fiscal measures to control inflation and liberalize the exchange rate as well as privatize inefficient state owned-enterprises and a reduced civil service. Despite progress in adhering to IMF fiscal targets that have reduced government spending, increased revenues and slowed inflation significantly, the political impasse has delayed privatization and the Preval Administration has not yet downsized the civil service.

Should the GOH name a Prime Minister and concretely show commitment to economic reform, USAID activities to assist the GOH to enhance its ability to access and better manage financial resources would include: (a) the U.S. Treasury TA to the Ministry of Finance to improve budget execution and better control of the wage bill; (b) the USAID budget support to enable the GOH to access to IFI/donor-financed budget supports; (c) the TA to CMEP for the GOH privatization program to eliminate subsidies to SOEs and, thus, reduce the budgetary drain from parastatals; and, (d) the TA to BRH to improve bank supervision. The ultimate common objective of the three activities just identified is to enable the GOH to better control the wage bill and subsidy payment to SOEs to ensure that, in light of IMF/IBRD/IDB efforts to raise tax revenues, relatively more public resources could devoted to the provision of social services for the Haitian poor. The planned TA for BRH should ensure better monitoring of commercial banks' activities.

#### 7. Police Better Protect and Serve Haitians

The sense of personal security is not only a measure of social justice for the poor but also critical to foreign investors' willingness to invest in Haiti. Under this Special Objective, USAID will continue to finance the U.S. Department of Justice's International Criminal Investigative Training Assistance Program's (ICITAP) Police Development Program to provide the basis for a true civilian security system under the rule of law.

In the area of management, program activities will include assistance to improve Haitian National Police (HNP) organizational capabilities to fulfill its law enforcement mission with institutional and individual accountability and integrity. In addition, ICITAP

will expand its services beyond the current HNP to include organization of a new rural police force.

ICITAP will continue to assist the HNP to strengthen operational capabilities. Specialized assistance will include a full-time technical advisor to specialized units, training for Judicial Police in forensics and investigative skills, and continued support to the Administrative Police to improve and expand capabilities in hostage negotiation, urban disorder management, patrol supervision, and traffic management.

ICITAP also aims to institutionalize a sustainable training academy capable of professionalizing the HNP. ICITAP will provide mentors for a new cadre of Haitian instructors, and continue support for curriculum development and field training.

# C. Overview of Progress

In spite of the continuing challenges, progress has been achieved in recent years. Constitutional democracy has been restored, the macroeconomic policy framework has been created and security and social order has been maintained. In addition, in areas where USAID has made significant investments, incomes have increased as has vegetative cover; health and education levels have been improved; justice and governance have been strengthened.

#### 1. Economic Reform

The 1996 ESAF to revitalize the economy and modernize public administration called for a five part program: fiscal and monetary reforms to promote investment and reduce inflation; privatization of nine parastatals to reduce the drain on the public budget; civil service reform to modernize government and reduce its size; tariff reform to promote trade and safeguard local production; and restructuring of the national development bank.

Significant progress has been achieved in three of the five areas: 1) Stringent fiscal measures to control inflation have worked: tax revenues were higher than anticipated; government spending was lower than planned and the exchange rate has been liberalized. 2) CMEP, the GOH privatization agency, has led the privatization program to successfully conclude the flour mill transaction, bid award for the cement plant and preparations for privatization of the airport, seaport and telephone company. 3) Tariff Reform legislation to reduce rate schedules and ceilings was submitted to the Parliament but has not yet been enacted.

#### 2. Economic Growth

USAID activities are making significant contributions to food security and income generation for approximately 750,000 people in rural areas. These activities, based on agricultural models for improving yields and income while protecting the environment,

support adoption of improved crop varieties and soil and water conservation techniques. In addition, they help develop export and domestic markets for agricultural products.

Improved coffee production and processing techniques, along with organization of a farmer export federation, has enabled Haiti to find a niche market for gourmet coffee, "Haitian Bleu". This has resulted in doubling and in some cases even tripling earnings for 20,000 coffee producers or 100,000 rural beneficiaries. About 25,000 mango growers, using the same marketing strategy have increased their incomes 20 to 30%.

Loans to small and large business have also been successful. The Agricultural Guarantee fund has made 15 loans totaling \$2.1 million for mango exporting, sisal processing, tomato processing and fertilizer imports which in turn created new jobs and increased the poor's income. Over 3,000 loans were made through 42 village banks, most of them to women, with almost 100% repayment rates. As a result of USAID guarantee program, two commercial banks have opened microlending windows for the first time, one in a secondary city. Two more bank branches are expected to be opened in secondary cities over the next few months.

## 3. Environment

USAID is developing models of environmentally sustainable agriculture and community cooperation. In our hillside programs, over 130,000 farmers and 20,000 coffee farmers have planted multipurpose and coffee trees, and introduced sound agricultural practices. These practices not only slow soil erosion and increase humidity retention, they also foster community action. A \$21.5 million IBRD project currently funds the replication of USAID's model nationwide.

Urban environmental interventions also have produced replicable models. In collaboration with local public utilities and a UNDP project, a water project was completed in Cité Soleil. Clean water is now sold to 175,000 people through 76 community operated fountains. The proceeds are used to pay for collection of solid waste which clogs canals and leads to flooding of sanitary waste.

# 4. Health and Family Planning

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The USAID health sector activities has built a public-private partnership of service providers using community-based health care system throughout Haiti. USAID supports activities in all nine departments and, despite challenges, grants to 22 NGOs have succeeded in maintaining service delivery to 2.3 million beneficiaries nationwide.

Contraceptive prevalence rates in several USAID target areas are nearly double the national rate. Social marketing activities, partially financed by USAID, sold 7.5 million condoms in 1997 and expanded sales of oral and injectable contraceptives.

Child survival and maternal health indicators in USAID target areas show substantial impact. Immunization coverage rates of 59% in USAID target areas compare favorably to the national rate of 40%. Two thirds of pregnant women in USAID target areas have a provider-assisted delivery compared to the national averages of 46%, 61% of mothers treat diarrhea with ORS which is double the national average of 31%.

Title II food aid resources have been integrated with a full package of health interventions at participating institutions, with a 30% decline in chronic malnutrition within one Cooperating Sponsor's program.

#### 5. Education

The Incentives to Improve Primary Education Project (IIBE) works primarily through the Haitian Private Education Foundation to strengthen private educational institutions. A project evaluation in June 1995 applauded IIBE's contribution of the best preschool curriculum in the Caribbean; it is still in use after six years. The project also achieved a decrease in primary school repetition rates for children from 32% to 25%, and a 9% decrease in teacher turnover and absenteeism. With support from the USAID Office of Transition Initiatives and U.S. Army Special Forces, the project also brought about the rehabilitation of 364 schools and the opening of 264 new schools in under-served areas.

## 6. Building Democracy

#### a. Justice and Security

Major accomplishments in justice and security include the peaceful demobilization and retraining of the Haitian Armed Forces, establishment of a 5,200 member civilian Haitian National Police force, training for 360 judges and prosecutors in Port-au-Prince and eight major cities, and basic training at the Ecole de la Magistrature for over 430 judges and prosecutors.

From January 1996 to December 1997, about 15,000 poor Haitians have received legal assistance sponsored by USAID.

USAID's assistance in development of a case-tracking system has enabled cases to proceed more efficiently and fairly through the penal system, resulting in a drop in the numbers in pre-trial detention beyond the time allowed by law.

To address human rights abuse, USAID re-established the Human Rights Fund that existed during the *defacto* period. Under the new program, nearly 150 victims of human rights abuses have received medical and other direct victim assistance.

#### b. Elections

USAID has assisted all the elections since 1990. The Presidential elections in December 1995 resulted in the first peaceful transition of power from one democratically elected President to another. A local election observer unit has been formed as a result of a business group initiative, with USAID-financed observer training.

#### c. Local Government

Mayors and other local officials are making progress in the decentralizing of central government authority. USAID helped create the National Federation of Haitian Mayors, which links 11 regional groups and advocates for decentralization reforms. This group received a mandate from President Préval to develop decentralization legislation, now pending before Parliament.

### d. Civil Society

Civil society is increasingly active and vocal over public priorities and concerns, and is putting increasing pressure on the government to respond. Following the restoration of democracy, USAID worked with civic and local citizen groups to implement 2,250 community projects in 113 of the 133 communes.

Civil society is increasingly taking stands on key policy issues such as decentralization. In response to the recent political stalemate, more than 90 civic groups from across the country have spoken out in favor of resolving the impasse. USAID support for two national dialogues and a public information campaign on decentralization and participation brought together organizations with different views in a constructive, policy-oriented debate.

# D. Performance Monitoring Plan

To improve analysis of strategic objectives and the allocation of funds among objectives and activities, USAID has established a Monitoring and Evaluation Unit (MEU) within the Program Coordination and Policy Support Office (PCPS). The MEU is working closely with Team Leaders to implement a planning, monitoring and evaluation system which measure performance, meets the needs of results package managers, and complies with Agency guidance. USAID will collect data on targets and assess progress for each level of result on a quarterly basis, and develop sectoral monitoring systems based on established protocols for data collection, storage and use. Although a number of grantees will continue to have a budget and responsibility for evaluating their programs, the MEU will provide assistance to ensure the quality, timeliness, and adequate distribution of reports. USAID will also implement a system to document activities that lead to desired results as a resource to improve performance, document how individual activities achieve results, and document considerations and factors that may have contributed to success.

# E. Cross-Cutting Themes and Principles

## 1. Integrated Role for Food Aid

P.L. 480 resources, both Titles II and III, will continue to represent a sizable portion of total US government resources coming into Haiti and will play a key role in helping alleviate the immediate consequences of poverty in the country. At the same time, however, USAID and its development partners will build on efforts already under way to fully integrate food aid resources into our sectoral development activities. As detailed above in the respective Strategic Objective summaries, food aid resources will directly support and be programmed with our education, health and economic growth activities to gain the maximum development impact from our food aid programs.

#### 2. Good Government

USAID recognizes that successful initiatives at the grass-roots and secondary cities levels need to be sustained in order to have longer term impact. The case for grass-roots activity is particularly compelling because, at this time, the central government remains weak and lacks leadership and political will. In areas such as education, health and environment, we will work in collaboration with the central government ministries and agencies, but not depend solely upon them or provide significant funding to them. As the central government expresses interest in working with USAID, the strategy will be adjusted to facilitate positive government participation.

USAID's strategy places considerable emphasis on local government as a development partner. USAID will also work closely with civil society groups at the local level. The objective is not only to establish competent and honest leadership in the municipalities, but also to enable the Haitian electorate to recognize abuses of power or inefficiency and to demand better governance.

## 3. Popular Participation

Popular participation is crucial to accountability of government officials. Participation is also a stabilizing factor, giving the poor a stake in maintaining the democratic order. For this dynamic to work, governments must be open to the participation of people and the electorate must be motivated to participate and given the skills to do so effectively. Training NGOs in advocacy and organizational skills forms part of the program under each of our Strategic Objectives.

#### 4. Institutional development

With weak political will for development in most sectors at the central government level, the bulk of USAID's strategy will be implemented directly with community groups, private organizations and local governments. USAID will also support new and existing private organizations to serve as think tanks or development foundations in areas of interest

under this Strategy. As the central government or individual ministries show ability to break through the present impasse, USAID retains the option under this Strategy to provide technical assistance and other support for their institutional development.

#### 5. Leading from behind

Our champions will come from Haiti. USAID will foster initiative by individuals, NGOs, national coalitions and public/private partnerships in support of development objectives. Equally important, USAID will not impose methods and values of our own but will seek out the Haitian initiatives and leaders who show promise of effectively inculcating values conducive to equitable development.

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## **II. Country Overview**

A. The Nature of Poverty in Haiti - Poverty in Haiti is the worst in the Western hemisphere by a wide margin. The primary statistics are almost too well-known: 70 percent of Haiti's people live in the countryside and 80 percent of the rural population live below the poverty line. Two-thirds of all rural Haitians live below the "absolute poverty line," that is, their yearly income is less than \$160 per capita and they cannot supply their families with the basic caloric requirement for the strenuous lives they lead. The result is that hunger prevails. One in three children suffers chronic malnutrition; one in eight will die before the age of five. The World Food Program estimates that nearly half of all children under five have been stunted by malnutrition.

Though impoverished, rural Haitians are generally land-owners. But their real estate is frustratingly valueless. Land titling processes are so onerous and uncertain that banks will not accept farm mortgages. Moreover, the average cultivated plot is tiny, half the size needed for bare subsistence. Consequently, the rural Haitians must find other sources of income and nourishment, spending roughly two-thirds of household income simply on food. A primary source of non-agricultural income is the sale of charcoal for fuel. Turning trees into fuel further impoverishes a countryside that has already lost 98.5 percent of its natural forest. But the fact is that rural Haitians obtain more income from charcoal and wood sales than from agriculture. Thus, their natural resources are not treated as a renewable reserve but as a fixed asset to be strip-mined for urgent, immediate needs. Many rural Haitians also turn to informal sector microenterprises but are stymied by lack of infrastructure, marketing skills and financial resources. The measure of their isolation from the sources of wealth is found in the formal sector's loan figures: less than 1 percent of bank loans in 1995 were made to the poor informal sector.

The overall situation is slightly better in the cities where "only" 53 percent of the population live below the poverty line. However, accelerating growth will soon overwhelm the fragile urban infrastructure. Already, sanitation is at unacceptable levels. Only 30 percent of the urban population have access to toilets or latrines and 75 percent of infant deaths are, in part, attributable to unsanitary conditions. In urban slums, water is purchased by the bucket and is likely to be bad. In Port-au-Prince, by far the major urban center, only 37 percent of the population have access to potable water. Nor do they have jobs. Following the military coup of 1991 and the US embargo, both foreign and local firms

Women -- As a poor woman living in rural Haiti, you are illiterate and powerless. You have given birth to 6 children although you would like to have only 3. If you manage to send as many as 3 of your children to school, only one will finish the sixth grade. You may well have borne children in the hope of cementing a relationship with the father, but there is a 40% chance that you are the head of your household ... and also a 40% chance that you have been raped or abused during your life. You run your household on a total yearly cash income of about US\$ 591. Your home has neither running water nor electricity. You probably don't even have access to a toilet or latrine. If you are a bit luckier, you are a market woman. You cannot get credit; your stock is small and your profits are tiny.

fled Haiti with the result that 70 percent of the population are unemployed or underemployed.

Statistics are inadequate toconvey the quality of suffering. In particular, statistical averages fail to reveal the inequity that sharpens the bite of poverty. Disagregated, the numbers show the deeper misery of the uneducated country people, the reasons for their flight to the cities and their struggle to educate their children: 80% of rural households live below the poverty line as against 53% of urban households. While the urban fertility rate is 4.0 children per woman, the rural rate is 6.1. The birthrate for illiterate girls is three times that of the educated. As with childbirth, so with death. Child mortality among the illiterate is almost double the rate for children of educated mothers.

Isolation adds to the burden of poverty. Many rural homesteads are sunk in the inaccessible hollows of steep hills. Even the farmers of the more fertile plains are afflicted by abominable roads that separate them from inputs, markets and information. Only 24% of rural households possess a radio. Thus, poor Haitians are cut off from knowledge and assistance. Surveys and focus groups reveal their sense of desolation:

- 69% believe that public officials don't care about them
- Only 19% believe that the judiciary protects human rights
- 73% believe that the public services in their community are poor

Yet, the same surveys confirm that Haitians believe the sentiment expressed in their national motto, "L'union fait la force." (In union there is strength.)

- 82% believe that by organizing into groups they can have a voice in how their government operates
- Over 81% are registered to vote
- 40% belong to religious groups; and 33 percent belong to more than one group

Their belief is the engine of USAID's strategy. We will seek to strengthen poor Haitians' ability to participate in their communities and advocate their own values. If they can break from the isolation of voiceless passivity, then poor farmers, market women and slum-dwellers can benefit from new models to increase income and productivity and to gain control over their lives.

#### B. Macroeconomic Environment

Haitian political leaders have attempted to liberalize the economy and institute strict fiscal and monetary management in conformity with IMF led structural adjustment programs to achieve high levels of economic growth. Despite these actions, the relative lack of security, as well as political and economic uncertainty have hindered equitable economic growth. There is a consensus that economic growth has been weaker than anticipated since FY 1995 in all economic sectors except construction.

	FY94	FY95	FY96	FY97
Real GDP Growth	-10.6	4.5	2.8	1.1
IMF Real GDP Growth Target	N/A	4.5	4.5	4.5

The two potential sources of economic growth, public and private investments, have not had the impact expected. First, public investments have not occurred at the rate anticipated because, since FY 1995, the GOH operating and investment budgets have been passed by Parliament only following several months delay. For example, the FY 1997 operating and investment budgets were delayed seven months until May 1997. Second, private investments have not, contrary to expectations, significantly increased in response to the decline in real interest rates.

"La vie chère" is the battle cry of Haiti's poor. Inflation, an insidious regressive form of taxation, continues to threaten the welfare of the poor by eroding their limited purchasing power. It also deters private investment and economic growth, depriving the poor of employment and income.

	FY94	FY95	FY96	FY97
Actual Inflation Rate (%)	37.4	30.2	20.1	17.0
IMF Inflation Target (%)	N/A	15.0	15.0	9.0

- 1. Progress on Economic Liberalization. Interest rate ceilings were abolished in FY 1995 by Central Bank order. GOH-administered pricing of commodities, except for pump-level gasoline and some donor-financed food items, was also eliminated in FY 1996. By the same token, GOH-determined exchange rates were also abolished in FY 1995.
- 2. Revenue/Expenditures/Deficits. As shown in the table below, tax collection has improved significantly due mainly to GOH efforts to: (a) strengthen the management and administrative capabilities of key tax collecting institutions; (b) enlarge the tax base (the TCA, which represents approximately 25 percent of all tax revenues, was set at 10 percent and applied to all goods and services in FY 1997); and (c) eliminate tax exemptions. GOH spending has been conservative. Increased tax collection combined with conservative GOH spending has rendered the GOH less of a borrower in the capital market measured by either total deficit or current account deficit.

to the second of	FY94	FY95	FY96	FY97
Tax Revenue*	3.2	7.2	7.2	8.7
GOH Expenditures	7.4	12.0	9.7	9.4
Total Deficit (-)	-4.2	-4.8	-3.3	-0.8
Current Account Deficit (-)	-3.9	-4.4	-2.7	0.3
Comme	1,,,,			

\* figures expressed as percentages of GDP

19. 2 . 30.

As a consequence, the GOH has not been "crowding out" private borrowers to whom more capital thus becomes potentially available. Private investment has, contrary to

expectations, not significantly increased because of insufficient structural reform, a continuing poor investment climate and lack of security and political stability. Compounding the insufficiency of private investments have been the serious delays in getting the 95 percent donor-financed Public Investment Budgets through Parliament - in FY 1997, for example, the G 7.9 billion Public Investment was voted in May 1997, a seven month delay - and their lax execution.

- 3. Slow Pace of Privatization. Privatization has been the most contentious economic issue in Haiti. The State Enterprises Democratization Unit (SEDU) was first established in 1995 in the Office of the Prime Minister. SEDU yielded nothing of value except a set of diagnostic studies of the first nine state-owned enterprises (SOEs) scheduled for privatization. With the "modernization" bill signed into law on October 10, 1996, the GOH named representatives of these nine enterprises to CMEP ("Conseil de Modernisation des Enterprises Publiques" - Modernization of Public Enterprise Council) in December 1996 replacing SEDU under whose auspices privatization had been stifled. The CMEP was staffed up in earnest and in February 1997 President Préval introduced the CMEP plan to privatize the first nine SOEs by March 1998. While this timetable has slipped, concrete privatization transactions have occurred. The state-owned flour mill was sold by the GOH to the Continental Grain, Seabord Corporation and Unifinance consortium in June 1997. In December 92. CMEP announced the HolderBank-Colclinker-Compagnie Nationale de Ciment consortium as winner of the bidding process for the cement plant. In addition, CMEP is in the process of finalizing the selection of consortia of technical advisors to assist in the privatization of the Port-au-Prince seaport, airport and Téléco, the telecommunication parastatal.
- 4. Incomplete Civil Service Reform. Following a one-year debate, the Parliament passed the civil service downsizing (CSD) bill on April 9, 1997. The CSD bill was rapidly approved by the Prime Minister and his Cabinet, and signed by President Préval on April 21, 1997. The CSD law has, however, not been published in the official gazette, *Le Moniteur*. Without publication, the full scale implementation of the GOH downsizing program with a projected 7,500 lay offs over nine months cannot begin. The validity of the CSD Law will expire on September 30, 1998. There has been to date only a timid CSD effort carried out in July-August 1996, before the CSD was passed, when some 1,500 ghost employees (i.e. employees who did not exist but in whose names salary checks were issued) were identified and, reportedly, removed from the government payrolls. However, President Préval has recently reaffirmed publicly the GOH's interest in pursuing CSD. Donors, including USAID, are mobilizing themselves to support this initiative.
- 5. Parliamentary Inaction on Tariff Reform. Tariff reform began in earnest in April 1995 with planned adjustments in product valuation, product classification nomenclature and duty schedules/rates with the ultimate objectives of liberalizing the Haitian economy and reducing the discretionary power of customs officers in the application of the existing tariff law. Since FY 1995: (a) dutiable imports have been assessed at Commodity, Insurance & Freight (CIF) prices based on the prevailing market-determined exchange rate; (b) classification of dutiable imports for the purpose of duty rate determination has been

progressively changing toward the international six-digit classification nomenclature; and (c) rate schedules have been simplified and the rate ceiling has been lowered.

Customs Duties (% of CIF Prices)

Pre-FY96	FY96 To Present	May 1996 Law
0-10%	0%	0-5%
15-20%	5%	5%
25-30%	10%	10%
35-50%	15%	10%
	25% (for gasoline only)	

However, as shown in the preceding table, much remains to be done with respect to duty rate schedules and ceilings because the May 1996 draft Tariff Law, which proposes to reduce rate schedules and ceilings, still awaits parliamentary action. Under this draft law, the GOH proposes a normal rate of 5 percent of CIF price with two exceptions: (a) 0 percent for raw materials and basic food products (except for rice and refined sugar); and (b) 10 percent for all luxury items - i.e. alcohol, cigarettes, cars, consumption products which were taxed at 50 percent and gasoline which was taxed at 25 percent.

6. Decentralization: Several laws were enacted in FY 1996 to support the GOH's constitutionally mandated decentralization initiative. The Communal Section Law and, Local Government Fund define communal sections and identify local governments at the communal section, communal and departmental levels as sole managers responsible for the use of Fund resources. A September 2, 1996 law determines that a portion of certain tax revenues be allocated to the Local Government Fund. The October 10, 1996 Modernization Framework Law also provides for financing of the Local Government Fund (Article 34).

In spite of the passage of the referenced decentralization laws, important gaps remain that hinder the effective implementation of decentralization. There have, however, been some noteworthy developments. When Haiti's mayors were convoked at the Palace to rubberstamp the Ministry of Interior's draft legislation on municipalities, they refused, stating that they would prepare their own draft bill. With a mandate from President Préval, the Mayors Federation (FENAMH) sought USAID technical assistance to prepare a policy paper on decentralization and a new version of the law on municipalities. The two versions of the Decentralization Framework Law drafted by the Ministry of Interior and the Mayors Federation respectively, along with the version drafted by Parliament, were submitted to Parliament in the first half of 1997 and still await parliamentary action. Almost one year and a half after its creation, the Local Government Fund is less than fully operational due to various bureaucratic delays. Thus, no adequate budget allocations to local communities have been set up in most municipalities to ensure proper accountability of public resources. The debate on decentralization continues, prompted by national and regional dialogues on the subject with local officials and civic organizations suggested by USAID; however, decisive actions by the central government and Parliament have yet to take place.

7. Infrastructure. There is no doubt that the limited number of roads and their state of repair increases transportation costs. The majority of microenterprises are commercial in nature relying on reselling of goods. For both goods that are imported, and foodstuffs produced in the countryside, transport is a major element of total costs. The poor state of the national road system in Haiti has more than doubled the cost of moving goods in real terms. As transporters have realized the losses they are incurring, their prices have risen, causing lost sales opportunity to resellers, whose customers' purchasing power has not kept pace. Some areas, particularly the South and Center Departments, rely completely on the road infrastructure for the movement of goods and people (not having developed sea or air transport) and are, consequently more severely constrained.

However, the Government of Haiti (GOH) has made great efforts to rehabilitate the existing road network and to construct or rebuild new highways. The road leading to the Central Plateau from Port-au-Prince to Cap-Haitien through Hinche in the interior of the country, National Route #3, is under construction. The rehabilitation of National route #2 are underway. The road between Pont Sondé and Mirebalais is under construction. The contract for the study of the road from Cap-Haitien to Ouanaminthe, on the border with the Dominican Republic, is about to be awarded. Several road rehabilitation programs financed either by the IBRD, IDB, EU, or USAID through the P.L. 480 Title III Program have already been established for the repair of almost the entire road network. Except for the Title III funded rehabilitation of agricultural secondary roads, progress in the above mentioned road construction programs is contingent upon GOH compliance with donor conditionalities.

The lack of reliable electric power remains one of the most serious infrastructure constraints. The problem is not so much that the power is too expensive, but that it is unavailable on a regular basis at a constant voltage during regular working hours. The power company has been remunerated for only about 40 percent of the power it has produced since 1991, most being lost to illegal connections, unpaid accounts, employee theft and transmission inefficiencies. It has never been able to produce enough current to meet demand. Urban areas, other than Port-au-Prince, are without power most of the time (some small areas close to generation stations excepted). Rural electrification has not yet occurred in Haiti.

8) Informal Sector. The majority of urban Haitians work in the informal sector in some type of microentrepreneurial activity. Most microenterprises can be characterized by: small size, easy entry, rudimentary technology, local resources and raw materials, high labor content, simple products and services, low prices, clients with low revenues, localized and accessible markets, simple distribution methods, intense and free competition, skills obtained on the job and poor, if any, access to credit. Haiti does not have official statistics on the actual size and characteristics of the informal sector. However, it is generally acknowledged that the contributions of the informal sector to GDP and increased are major.

Apart from fishing and farming, the majority of microenterprises are urban or peri-urban due to the deteriorated infrastructure and insufficient permanent market for good

and services in rural areas. Since microenterprises work outside of the regulated environment and without the usual financial buffers of bank accounts, access to loans, insurance and the like, they depend upon daily receipts to meet daily expenses, including labor.

#### C. Socio-Political Environment

## 1. History of State And Public Institutions.

In 1986, the 30 year regime of the Duvaliers ended. A popular referendum in 1987 ratified a progressive new Haitian Constitution ensuring civil rights, creating democratic forms of government and adopting principles crucial to long-term development, promotion of gender equality and decentralization. Under the new Constitution, the populist Jean-Bertrand Aristide was elected in 1990 only to be ousted by a 1991 army coup, Thereafter, local democratic initiative halted or went underground during a three-year period of severe repression. Since the return of the constitutional government in 1994, Haitian administrations have implemented policies redefining the traditional role of the state and decentralizing government. In 1995, the Aristide administration dismantled the Haitian army and created a national police force. In 1996, the reins of government passed successfully from one democratically elected president to his successor, René Préval - the first such transition in recent Haitian history.

Over the past four years, Haitians have struggled, with limited success, to make progress toward a pluralistic political system. The art of political compromise among competing political parties is still underdeveloped in Haiti. Insiders seek to dominate, and outsiders stress partisanship over reasoned debate. Parliamentary proceedings tend toward interminable delay or virtual paralysis due to an inability to compromise and form working coalitions. Political parties tend to have a limited base of support among common citizens, stress personalities over ideological platforms, and focus inordinately on the office of president. Due to a winner-take-all mentality that stifles debate, rival parties have been unable or unwilling to remain actively engaged in the political process as a loyal opposition. A real forum for public debate on national policy issues does not exist. Consequently, citizens tend to be deeply skeptical of all political parties and the process of formal democratization in general.

Traditionally, the primary function of the state apparatus has been to extract wealth and extend patronage. Neither the citizenry nor office holders have ever viewed the state as a disinterested provider of public services. In response to limited government services, a growing number of international NGOs have provided a broad range of dispersed public services in certain sectors. Since the 1970s, a great deal of public and private foreign assistance has by- passed government channels entirely. This greatly strengthened the NGO sector and fostered the emergence of local or national NGOs. The growing importance of NGO services over time created a kind of shadow government for public services such as agriculture, education, and public health.

Post-1994 administrations have initiated reforms in public administration and corrupt state monopolies; however, there is continuing evidence of corruption and abuse of power as a common feature of officialdom. Employment at all levels of government is based primarily on political patronage. Ministerial budgets continue to be dominated by salaries with few or no program support funds. Most services in education, health, and agricultural extension are still provided by NGO networks and the private sector.

2. Role of NGOs In Social Sector Service Delivery. International and national NGOs have been providing relief, charity, and social sector services since the 1950s, but increasingly so since the 1970s. In periods of crisis, when the GOH has been unable or unwilling to provide even a minimal range of social services NGOs have promptly stepped in, with considerable donor and private philanthropic funding. Toward the end of the second Duvalier regime, public-private partnership arrangements were made between NGOs and the Ministry of Public Health and Population (MSPP), sharing staff and infrastructure under the Health for All in 2000 program. The same was true in the education sector. A number of these partnerships have survived the subsequent changes in government, the coup d'état, and the latest decentralization reforms.

During the 1992-1994 crisis period, NGOs were the only source of basic health services in many remote areas, and are estimated as having provided at least 60 percent of health services in the country as a whole. Today, they probably still provide about 50 percent of primary and curative health services. While coverage by NGOs and MSPP for health and population has increased significantly, the picture for water supply and sanitation is less reassuring. There is very little GOH capacity in these areas critical to health and to the environment. Almost all interventions being made are funded through international NGOs, who on-grant to local NGOs or other local organizations to create employment and actually implement rehabilitation or construction projects.

For education, the proportion of services provided by the GOH has been even lower. Traditionally, the GOH has never attempted to meet the demand for universal primary or secondary education. Most members of the urban and rural elite and middle-class were educated in private schools and most of the rural poor remain illiterate. Nearly 200 schools have been renovated or built in the last 18 months with the help of NGOs and direct donor funding. Approximately 80 percent of all primary and secondary schools are either run by religiously affiliated NGOs, or are private, for-profit institutions.

In agriculture, government funds for agricultural infrastructure or other production-enhancing interventions are extremely limited. The Ministry of the Environment can afford few direct interventions, while NGOs carry out a wide variety of programs in environmental protection and natural resources management. The situation for women oriented programs is even more critical in terms of the proportions of non-government funding, and the Women's Affairs Ministry is likely to be closed for lack of budget funds. Human rights activities are virtually dominated by NGOs.

- 3. Education and Literacy. Poorer family household heads are likely to be illiterate or have limited education. A 1994-1996 survey determined that some 58 percent of rural household heads do not read or write, 34 percent have 6 years or less of schooling, only 6 percent finished high school and 0.4 percent have a university degree. Today, only 63 percent of the 6-12 year old children are schooled. This proportion falls even lower in rural areas where it is only 23 percent. In sharp contrast to most countries in the world, the majority of school children are enrolled in private schools (75 percent and 82 percent at the primary and secondary levels, respectively). The quality of education children receive is directly related to where they live and to the level of tuition their families can afford to pay. This means that education represents a heavy financial burden on many poor families, especially in rural areas. As far as the quality of learning is concerned, it is widely acknowledged that it is below international standards and the majority of students are enrolled in facilities which do not provide a suitable learning environment.
- 4. Decline in Personal Security. By international standards, Haiti is not particularly violent. However, the notable rise in crime rates in recent times has shaken the collective sense of well being among all strata of society. Two aspects of this crime increase are alarming to Haitians and outside observers: urban crime is increasingly violent and unpredictable, and it increasingly involves children. Furthermore, robbery and violent crime have become more common in wealthier neighborhoods that were previously well protected from such incidents. In the past, property related crimes tended to be targeted and limited to burglary. Today car-jacking, armed robbery, and murder are much more common. Criminals increasingly use children to carry out crimes such as car theft, burglary as well as movement and sale of drugs. Children increasingly perpetrate their own crimes. Guns are easily accessible for rent or purchase. Childhood prostitution almost unheard of until recently is now common in urban areas. The response to this rise in criminality has been weak.
- 5. Weak Judiciary. Despite the initial progress made in the justice sector over the last two years, the judicial system remains weak. Virtually all of the judicial structures need to be revamped and strengthened. The judicial system is unable to process cases efficiently, openly or credibly. The capabilities of judicial personnel are limited particularly among judges, judicial police and prosecutors. Prisons are overcrowded and the backlog of cases awaiting adjudication is moving at a snail's pace through the system. The Ministry of Justice, which is responsible for ensuring a smooth functioning judicial system, lacks the institutional capacity or political will to effect the needed changes.

The weakness of the justice system was confirmed by a recent assessment of the judicial sector, which concluded that: (a) the political leadership for judicial reform in Haiti is weak and fragmented; (b) legal system structures are not adequately in place; (c) the legal system is inaccessible and inequitable; and (d) that the Haitian government does not have the institutional capacity to deliver the justice that the people desire. These weaknesses were also confirmed by USAID staff's informal field survey, in which the majority of Haitians interviewed believed that justice in Haiti was for sale and that judicial personnel are corrupt and not accountable.

The Haitian National Police (HNP), created in 1995, while generally receiving high marks in surveys, have been implicated in political violence and drug smuggling. Human Rights Watch notes that there has been little progress in prosecuting police abuse cases in the courts; however, it does not view police abuses as motivated by official policy. In a notable breach with old patterns of impunity, the HNP has taken firm steps to discipline members of its force for misconduct, including firing police agents and officers and detaining them. The problem so far has been a disinclination of the judicial system to prosecute, perhaps due to fear of retribution.

#### D. Gender Concerns

Haiti has recorded one of the highest rates of economically active women in the LAC region<sup>1</sup>, playing highly visible roles in production, rural marketing and family subsistence. Yet there is a tendency to regard women's work as secondary and subordinate to men's, as reflected in the fact that a significant proportion of women's work is unpaid. Women's work also tends to be under-valued because of the subsistence nature of their activities, the irregularity and informality of women's work and the proximity and integration of women's work with their domestic duties.

Although it is likely that women's participation in agriculture has declined over the decades due to economic stagnation in that sector, available information suggests that women continue to play an important role in agriculture production and a predominant role in rural marketing. The 1982 census reported that 50 percent of all working women were engaged in agriculture and this figure, at the time, was considered to be an underestimation. However, after the embargo period (1991-1994), although women remain very active, agriculture ceased to be their primary source of income. Agricultural production, petty commerce and other non-agricultural activities represent 35, 20 and 31 percent respectively of female-headed households total income vs 47, 13 and 23 percent for male-headed households.

Haitian women have proven to be key actors in sustaining their families during conditions of economic decline and poverty. Information on the impact of poverty within the household suggests that women have carried a greater burden than men in terms of family maintenance. In part, this is due to the loss of jobs in the formal sector which has affected men to a greater extent than women. But in addition, the structure of the family and the prevalence of informal unions and polygamous relationships in Haitian society, has created a situation in which men are not legally or otherwise bound to support their children and partners.

Female-headed households are, by a wide margin, the more economically vulnerable. They also suffer from high mortality and morbidity rates -- the highest, in fact,

<sup>&</sup>lt;sup>1</sup>The <u>Enquête Mortalité, Morbidité et Utilisation des Services</u> (EMMUS II) reported for the period 1994-1995 a labor force participation rate of 38 percent of women in the 15-49 and 64 percent for men in the 15-59 age group. A study of 12 poor urban neighborhoods in 1995 indicates that 42 percent of women and 82 percent of men were in the labor force.

in the Latin American region -- and low education. One third of Haitian women between the ages of 15 and 49 have no formal education, yet 40 percent of Haitian households are headed by women.

Although legislation guarantees women equal property rights, their perception of personal rights remains weak. Forty percent of women have been subject to rape or abuse, but two thirds of the cases are unreported due to the victims' fear of reprisal or lack of confidence in the legal system. Womens' lack of a sense of personal power is evident in the differences between male and female responses to the AIDS threat: while 43 percent of men at risk have changed their behavior, only 23 percent of women report that they seek to protect themselves.

Where Haitian women possess some power is in their role in Haiti's internal marketing system. They perform significant low cost services in collecting, distribution and breaking bulk for wholesalers. Most women are not full-time traders, but market small quantities and sell irregularly to consumers or to market intermediaries. Women also market a larger percentage of manufactured goods (both foreign and locally produced). In addition, they offer credit and are an important source of informal financing for farmers. Women traders, often called "Madam Saras," typically invest large amounts of labor and time and use small amounts of capital, a situation that results in low profit margins. Low profits prevent women from building up inventories, making them unable to benefit from economies of scale in purchasing. Economic conditions force a large number of women to work under these conditions, which in turn, makes the sector fragmented and only marginally profitable.

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## III. Strategic and Special Objectives

#### A. Sustainable Increased Income For The Poor

### 1. Statement of Strategic Objective

Long term, sustainable improvement of the status of Haiti's poor requires major economic growth to overcome not only poverty itself, but also the attendant ills of ecological degradation and excessive population growth.<sup>2</sup>

The Strategic Objective, Sustainable Increased Income for the Poor, targets the majority of the population who fall beneath the poverty line and provides direct, targeted assistance to increase their incomes. USAID has three customer bases: rural farmers, who compose 22% of the rural population and contribute 14% to national household income; rural and urban informal sector operators, who compose 80% of the population and contribute 75% to national household income, and the formal private sector, which composes 10% of the work force, and who will be addressed through our institutional policy reforms.

Our customers in both rural and urban areas are caught in a vicious circle of poverty and environmental degradation. Recent assessments have concluded that poverty causes increased environmental degradation, which in turn causes even deeper poverty. The nature of this cycle, therefore, dictates a very strong synergy between the customers of this strategic objective and that for environmental activities.

In the near-term (1999-2001) of this Strategy, USAID proposes to target major segments of the poor population; we will increase income available to hillside farmers and the informal sector, and deliver immediate results to alleviate the worst deficits. Meeting urgent needs will help to build hope among the poor so that their energy can be mobilized. Creating replicable models of income generation -- including increased agricultural productivity, informal sector credit plans and assistance to high potential urban zones outside Port-au-Prince -- will build the foundation for long-term sustainable growth.

The Food Security Strategy has recommended the concentration of assistance activities geographically to create sufficient impact to reduce food insecurity, primarily through the creation of jobs. The concentration of economic power and population in Portau-Prince will be addressed and challenged through the creation of opportunities elsewhere in Haiti. The High Potential Zone (HPZ) approach will seek to concentrate activities in specific geographic zones, which have high economic potential and existing levels of public-private

<sup>&</sup>lt;sup>2</sup>The causal linkages between poverty, population, migration, and environmental degradation have been analyzed by the recently completed USAID Food Security Study, (1997); the 1997 Private Sector Assessment, the report "Strengthening the Informal Sector in Haiti" (1993) and the IBRD's study on Haitian poverty (December, 1997). The solutions suggested have guided our discussions with partners and customers, and through these surveys, influenced the proposed strategic approach.

collaboration. HPZs are a significant element in the USAID strategy because they create zones of economic opportunity to attract population from the surrounding countryside, and provide models for replication elsewhere in Haiti. The HPZ approach is not an urban development approach. Rather, it develops the economic potentials of both urban and rural areas, and creates economic linkages between the two, significantly increasing the rate of economic growth, investment and income generation for the region as a whole.

The initial years of this strategy will also mark the shift from a transitional program to a sustainable development program. Conceptually, this can be categorized as the shift from a strategy based on programming opportunities for successes, to a sustainable development program which provides a clear framework for increasing incomes and enhancing economic growth. This framework also focusses on institution building, development of linkages between sectors, and the development of public-private partnerships to meet the demand for services and infrastructure. All of these elements are required to shift to sustainable long-term development.

To increase income collaboration is required among Haitians and donors to formulate a policy and institutional framework conducive to a competitive, market-driven economy. An improved policy and institutional framework is perhaps the most important element of this SO in terms of achieving long-term increases in income and economic opportunity for Haitians. The weight of world-wide development experience shows that the single most important determinant, by far, in alleviating poverty is the presence of an economy open to investment and competition. Therefore, SO activities will lay the foundation and nurture institutions to achieve this end.

USAID will systematically build on donor coordination and collaboration. We will work with Parliament and civil society institutions to develop the constituencies necessary to push for continuous reform. In the High Potential Zones we will develop activity level success stories which will act as catalysts for an improved decentralized policy and institutional matrix. Lastly, in the interests of sustainability, we will seek out Haitians willing to take the lead in establishing organizations committed to an improved investment climate that can attract funds and assure a continuing, vital policy debate.

The timeframe of reference for this strategy extends beyond the immediate period of programming to year 2020. Although this falls outside of normal USAID programming methodology, the USAID strategy in Haiti is focussed on developing a base for long-term development. Therefore, although activities will produce results within the timeframe of this strategy, they are best understood and valued in the context of the goal of having sustainable long-term economic growth in place by the year 2020. In short, the economic, institutional and physical decapitalization of Haiti has reached the point where rapid economic growth can only resume once a certain minimum momentum has been achieved. The objective of this six year strategy is to reach that minimum momentum.

In the medium to long term (2002-2020), increases in income to the poor and recent graduates from poverty will be critically sensitive to the success of other Mission SO

teams and other donors. For example, the Desired Family Size team's success in decreasing fertility will, in the longer term, be essential to assure that Haiti's resources are not spread so thin that growth becomes impossible. Similarly the Human Capacity team's work to improve the skills of the work force is necessary to improve productivity. More generally, the efforts of the International Monetary Fund (IMF), IBRD and our own Streamlined Government special objective are essential to establish conditions conducive for sustainable economic growth. With the collaboration of such partners, we hope, by the year 2004, not only to have stopped the fall in Haiti's real per capita income, but also to have reversed it. By the year 2020, the country should have built, on the foundation developed during this strategic period, a viable economy capable of attaining the equitable eight to ten percent growth rates required to continuously reduce poverty.

### 2. Problem Analysis: A Legacy of National Mismanagement

The Target Populations. The primary statistics are almost too well-known: Seventy percent of Haiti's people live in the countryside and 80% of that population lives below the poverty line. The majority attempts to eke out a living from the deeply eroded slopes of the steep hills that cover much of Haiti. Their land is not large enough nor fertile enough for successful subsistence farming. Thus, food security cannot be achieved off the land. The results of their land deficit are many: The World Food Program estimates that severe or moderate stunting afflicts 46.8 percent of children under age 5. Farming is contributing less and less to the national economy. By the end of the 1980s, agriculture accounted for only 35 percent of GDP and ten percent of exports, falling from, respectively, 47 percent and 75 percent in the 1970s. Farmers are turning to other, non-agricultural sources for income with the result that agricultural and informal sectors together combine for over 85% of the population's employment.

When all else fails, the rural poor migrate to the capital. But Port-au-Prince has reached its growth limit in the near term. Absent interventions to limit or shift migration, the city will require opportunities to increase incomes and infrastructure to absorb an estimated 100,000 new labor entrants annually, resulting in growth of urban population from 2.2 million today to 9.4 million in 2020.

<u>Constraints to Increasing Incomes</u>. The 1997 Food Security study and Private Sector Assessment identify several major constraints; to increasing incomes which affect the development of other sectors:

- i) limited natural resources: a fragile physical environment (70 % of currently cultivated lands --one million hectares--are on hillsides, an equal amount can no longer support any agricultural use), and a declining availability of water due to deforestation of watersheds.
- ii) failing infrastructure: only fifteen to nineteen percent of the land is irrigable, but less than half of that is actually irrigated -- and the irrigated acreage is threatened by massive sedimentation.

- iii) insufficient productive land: families need a minimum, on average, of 2.5 to three hectares in order to make a living from farming, but seventy percent of farms are smaller than 1.3 hectares.
- iv) ill-adapted legal system: land titling is difficult and expensive. Procedures established by law for land affairs are complicated and expensive, and the amount of land that is titled and complies with legal requirements is extremely small.
- v) inefficient financial markets: lack of access to financial services restricts farmers' access to agricultural inputs, affects productivity and incomes, and limits technological options. The absence of savings services forces short-term, and environmentally damaging, solutions (tree cutting) to meet unexpected demands for liquidity. While agricultural and the informal sectors constitute over eighty-five percent of Haiti population's employment, loans to these sectors number in the mere thousands (less than .6 percent of formal credit was allocated to agriculture). The inability of small and micro-enterprises to access credit or savings services limits the impact this dynamic sector can have on job creation and increased incomes. Existing grass root financial intermediaries, like Caisses Popularize, face bankruptcy due to recent interest rate liberalization, an asset base eroded by past inflations and by an inadequate application of prudential principles.
- vi) low productivity: most farmers use 18th century technology (e.g., machetes and hoes), no fertilization, and produce few high value crops. Post-harvest losses are estimated to be as high as 20-30 percent for grains, and over 40 percent for perishable products.
- vii) poor transportation infrastructure: non-existent roads isolate producers from markets and contribute to higher food prices. High transportation cost are the major reason for the reportedly high food prices in Haiti.
- viii) weak and unresponsive institutions: the public sector fails to supply key public goods. The agricultural sector faces a dearth of research and extension services. Burdensome taxes and other fiscal policies, inefficient administrative practices designed to extract rents, increase transactional costs, uncertainty and high risk, a lack of public investment in rural areas and basic infrastructure have discouraged local and international investment in all economic activities. Misguided policies and/or their administration reinforce socio-economic divisions and unsustainable use of natural resources.

## **Program Accomplishments to Date**

While economic growth may not yet be visible, economic development is taking place. The GOH has implemented structural reform measures which have cost dearly in other countries. Petroleum subsidies were eliminated (and nothing similar to the Caracas riots took place); all public sector wage contracts signed with the <u>de facto</u> regime were cancelled; the export surrender requirement and the remaining restrictions on imports were abolished; import tariffs were reduced; and, ceilings on interest rates were eliminated. In addition, inflation, which had reached 52% by early 1994, declined to 16-17 % last year. Remittances

continue to arrive, and some estimates place them as high as half a billion dollars in 1997 (including both financial and in kind). The privatization program has begun in earnest with the sale and transfer of one agribusiness parastatal and the sale of a state-owned cement company.

The existing USAID economic growth portfolio has benefited from the improved policy framework. Only six months ago, USAID assisted the first commercial bank in opening its doors to the informal sector; it has already made over 600 loans to small- and micro-enterprises. Two other banks have since joined the program and will begin informal sector lending activities in 1998.

Public-private partnerships were dangerous under the past repressive regimes. In newly democratic Haiti, they are beginning to emerge. Public and private interest groups formed a common agenda in Cap Haitian to bring cruise ships back after more than a decade's absence. This joint effort produced a successful cruise visit which serves as a reference point for future progress. The powerful cruise ship industry -- a major development force in the Caribbean -- benefits the handicraft industry, improves city revenues, and generates jobs and foreign exchange. Equally important was the development of a model for public-private dialogue that brought about the success.

In 1997, a leading Haitian civil society group, CLED, launched an ambitious initiative to formalize informal urban property. Combining its resources with the experience of Hernando de Soto's ILD, this activity will provide thousands of Haiti's poor with clear title to their land and an opportunity to use it as collateral for credit. This activity has already determined that the value of informal property and homes in Port-au-Prince exceeds \$1.5 billion.

On the Haitian hillsides, over 130,000 farmers are working with USAID partners to plant multipurpose trees and use sound agricultural practices. These actions have slowed down soil erosion, increased humidity retention, and farm productivity. It has also increased farmers income by over 20 percent. The success of this program is attributable to the ongoing involvement, over a six year period, of farmers in the redesign and deployment of new methodologies to increase farm income.

The improved policy framework also enables USAID agricultural and agribusiness marketing entities to facilitate increased competition and value addition through improved post-harvest practices. 20,000 members of Native Coffee Growers Associations are selling high quality coffee, Haitian Bleu, to specialty markets in the US for premium prices (\$10+ a pound retail), doubling their farm gate prices for the third consecutive year. The EU and the IDB are replicating these favorable experiences in other regions. Haiti's President has chosen the success of Haitian Bleu as a model of growth with equity, and the approach to follow because it empowers small growers by allowing them to increase competition vis-a-vis traditional trading houses.

Through assistance to the Presidential Commission, an improved economic framework was developed and a comprehensive legal package of eight bills submitted to the President. Although its passage has been delayed due to the absence of a Prime Minister, this comprehensive package provides modern legislation for investments and streamlines government procedures. With USAID support, the Presidential Commission has attracted resources from other donors (e.g., IDB) for additional policy analysis, launched a pilot vocational training center; and accelerated the liberalization of the financial sector (e.g., insurance and pension funds) with assistance from the government of Chile.

Credit is beginning to become available to the poor through a village banking system with over 3000 loans (almost 100% to women) through 42 village banks in three regions. IICA, our partner in coffee-related activities, has also attracted non-USAID resources to fund a program that provides jointly village banking and family planning services to women in USAID-assisted coffee regions.

## 3. Critical Assumptions and Causal Relationships

The assumptions set forth below include both the classic assumptions concerning external circumstances that the USAID program cannot regulate (e.g., political stability) and causal assumptions intrinsic to the program. The latter represent development postulates based on research and experience.

- Other donors on-going programs continued and their funding maintained and dispersed
  as projected over the 5 year period, support the accelerated expansion of light
  manufacturing and assembly and complete planned infrastructure investments in
  selected High Potential Zone regions.
- Complementary activities in the USAID program are implemented as planned.
- Property rights gradually become more secure.
- Inflation remains below 20% and market-determined exchange rates continue.
- External economic conditions (e.g., investment flows, commodity prices, tourism trends) remain stable over the strategic period. New trade blocks do not discriminate against Haiti.
- Political conditions, public lack of confidence, and/or insecurity do not produce disruptive events that severely effect our customers and partners.
- No major massive act of God (i.e., hurricane, widespread, floods, fires) affects more than 20% of our customers over the strategic period.

### 4. Commitment and Capacity of Development Partners

Improving the environmental, agricultural, and private sectors are development objectives of various multilateral, bilateral, and PVOs, (development partners) presently active in Haiti. These organizations have been working closely together in collaboration with the government to develop complementary strategies. In particular, multi-donor activity in Jacmel provides a model for collaboration in development of High Potential Zones.

A multi-donor and GOH effort is underway to support revitalization of the Haitian economy that includes assistance for privatization and an Enhanced Structural Adjustment Facility, designed to facilitate the reform of the Government of Haiti (GOH) fiscal and monetary policies. Policy reform efforts are also included in the programs of the IBRD, IDB, IMF, and European Union (EU). This multi-donor effort is critical for reviving the Haitian economy. USAID activities in the high potential zones are contingent upon other donor's investments in road, port, and electricity infrastructure (IDB, World Bank (IBRD), European Union (EU), France, and Germany). The IDB and EU also have major investments planned in irrigation. P.L. 480 Title III local currency also supports irrigation interventions, secondary road rehabilitation, and credit for the informal sector.

In addition, increasing the income of the poor will also require close collaboration and teamwork with donor partners operating in the policy area. USAID will complement the activities of other donors supporting civil society advocacy of improvements in the investment climate. USAID supports other activities to increase the level of economic literacy in Haiti. The Center for Applied Research on Poverty and the Parliamentary Analysis Unit, will increase the level of informed debate in Haiti and reduce the time necessary to develop support for and introduce new polices, regulations, administrative rules and laws necessary to support an accelerated level of investment and economic growth.

In the agricultural sector, IBRD (additional \$50 million) and IDB (\$33 million current-additional 40 million future project) will contribute to capacity building within the GOH. The IDB supports GOH land reform activities. The EU supports agriculture in Haiti with institution building of the Ministry of Agriculture (\$30 million), irrigation (\$45 million), and propagating coffee practices established by farmers working with USAID's coffee project. FAO is providing technical assistance for sectoral planning and distribution of production inputs (seeds, fertilizer). It's recent analysis of Haiti's land tenure system provides the Mission with a baseline document for this complex and challenging social issue.

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Table 1
MAJOR DEVELOPMENT PARTNERS CONTRIBUTIONS (FY 97 to 98) (\$ Millions)

Sectors	IBRD	IDB	EU	Canada	UNDP
Agriculture - Hillside agriculture - Coffee	13	73 0.7	85 12	4.3 5.2	
<ul> <li>Irrigation</li> <li>Institution Building</li> <li>Land Reform</li> <li>Haiti/DR Cross border</li> </ul>	·	13 5 0.6	45 30 - 10-25	<i>t</i>	.38
Private Sector - General Economic Reform/ Presidential Commission	70.3	52.9	108	15.1	15
- Urban - Road - Port Dredging	20 123.9	148	3.22	18.9	3.3
<ul><li>Power generation</li><li>Miscellaneous Private</li><li>Sector</li></ul>	11.4		7.0	11.2	2.6
Decentralization/Local Govt.		25-30			
FAES/Funds that include agricultural investments (these programs may support some of the other activities previously listed)	50 Social and Econ. Fund for poverty	23 FAES II 80 for PURE I and II			

Although donor commitments are not broken out by interventions in High Potential Zones, most donors have expressed interest in and agreement with the methodology. In addition, this interest has been backed with expressions of commitment to infrastructure rehabilitation, beginning with the IDB (sewers), IBRD (roads), and France (urban rehabilitation) in Jacmel, and the EU (roads) in Cap Haitian.

# 5. Sustainability

Program sustainability is driven by a focus on two underlying themes which unify the strategy: institutional development and access creation. These themes will promote

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change in Haiti in a systemic, rather than incremental, manner. The overarching sustainability condition is simple: sustainable and accelerating economic growth.

Specifically, the program will achieve sustainability by:

- emphasizing market-driven activities that both increase income and address the causes environmental degradation;
- selecting environmentally-benign technologies, economic activities and policies;
- providing a framework to improve service delivery in the targeted sectors which continues beyond USAID funding time-frame;
- building capacity of individuals, community group, and institutions to support the framework;
- developing sustainable institutions (e.g. MDF, CARP, FINNET) capable of providing services and acting as advocates for positive and productive change in the policy framework so as to establish their own revenue base;
- following a participatory approach which reinforces, at all levels, a functional democratic process;
- Developing public-private collaboration to improve services;
- including and supporting community-based organizations;
  - 6. Intermediate Results and Illustrative Approaches.

Achievement of four Intermediate Results (IRs) will lead to the Strategic Objective of Sustainable Increased Incomes for the Poor.

# IR 1: Increased Environmentally Sustainable Agricultural Productivity.

USAID will increase farm productivity in selected watersheds through improved access to environmentally sound technologies and practices, agricultural inputs, financial services and markets. Increased sustainable farm income will be the principal objective. Our assistance will be tailored to protect the hillside while increasing farmers revenues from a wide range of activities namely food processing, handicrafts, animal husbandry and other agricultural based income generating activities. These opportunities to increase incomes will also be a driving force for the rural poor to undertake sustainable agricultural sector interventions.

# Illustrative Activities include:

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- Expand production, processing, and marketing of coffee, cocoa, and other tree species

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- Improve land use through soil conservation practices
- Introduce new, high-value perennial crops and bio-intensive gardens
- Improve storage and packing, value-added processing, and marketing
- Integrate forage production, animal husbandry, and water management in farming systems

USAID will continue to use the Productive Land Use System and the Coffee (PLUS) project approach. This approach will use appropriate farm technologies which reduce risk and environmental degradation while increasing farmers income. During the next six years, the program will expand into:

- High potential zones in support of the new Mission focus
- New productive watersheds, to complement the Ministry of Agriculture efforts in low land areas and to support ASSET community-based environmental initiatives
- New coffee growing areas in the North and North East to respond to GOH and farmers' request to expand the coffee activities into new areas.

The USAID agricultural program will build on lessons learned from the PLUS marketing activities to develop and expand the agricultural marketing and processing efforts. These efforts will lead to the production and export marketing of environmentally friendly crops, such as plantains, beans, cacao, mangoes and sour oranges.

# IR 2: Small and Micro Entrepreneurs Economically Empowered

USAID will develop a high performing financial network that encompasses village banks, NGO's, Caisses Populaires, and commercial banks, to encourage existing and potential financial intermediaries to provide services to credit-worthy informal customers. At the same time, market-driven integrated support systems will be supported to address non-financial constraints such as availability of raw materials, quality control, and access to markets. USAID will measure changes in the informal sector through annual surveys throughout the strategy period.

Activities will increase the poor's access to financial services by widening and deepening the reach of financial services through mitigating the risk financial institutions face and increasing their capacity to provide services in rural areas. Given the difficulty in developing new financial services institutions, USAID will, at every opportunity, build on existing institutions willing to adopt sustainable practices.

#### Illustrative Activities include:

- Establish a Financial Network (FinNet) of institutions committed to lending to the working poor
- Assist intermediate financial institutions to improve and expand services in rural areas
- Establish a permanent Loan Capital Fund that will provide loan funds, guarantees and other risk management instruments to FinNet institutions

- Develop efficient low-transaction-cost savings services to assist the poor

USAID Activities will increase the productivity of microentrepreneurs by improving access to competitive inputs, technology, better business practices, and local and international markets. We will take a comprehensive approach to assisting micro-enterprises by addressing constraints which range from the availability of raw materials, through quality control and access to market information, to linkages to larger enterprises. For example, there are 400,000 craftspeople in Haiti, and there is international demand for Haitian crafts; many buyers even equate the Caribbean style with Haitian style. Handicrafts therefore is a sector with significant potential.

### Illustrative Activities include:

- establish an integrated support system for the small- and micro-entrepreneurs making available a spectrum of services
- provide technical assistance in product design, process improvement, appropriate technology, product quality, marketing, accounting, cost analysis and production management
- improve business relations between larger businesses and small artisans (e.g., cost sharing on-the-job training, cottage industry, sub-contracting, raw materials).
- provide technical assistance and training aimed at facilitating the creating of new jobs for the under employed and the unemployed of the informal sector.

# IR 3: Investment Climate Improved

The measures pursued under this IR will, in reciprocating fashion, build up the capacity of the government to employ improved policies, and of private sector leaders to advocate policy changes. The findings of the USAID Center for Economic Growth clearly indicate that an economy open to international trade and competition will enable Haiti to attain the level of economic growth necessary to decrease poverty. Private sector led trade and investment can produce this level of economic growth.

By linking the Democracy Program's efforts to strengthen advocacy with the efforts of this IR, a range of business groups will come together to form coalitions around common agendas. For example, USAID currently works with the Center for Free Enterprise and Development (CLED) on the formalization of informal property rights. CLED has also been a leading advocate in the private sector for economic reform and liberalization, and has begun its own, independent social marketing campaign to raise public awareness as to the need for economic reform and increased governmental responsibility.

The Center for Applied Research on Poverty (CARP), a new effort, will support all other policy reform efforts by researching and disseminating information on the blockages to accelerating economic growth in Haiti, distortions which may prevent the benefits of that growth from being equitably distributed, and the best means to apply the lessons of other countries to the Haitian context. CARP will also inject relevant analysis into the policy

dialogue on the importance of different types of investment and their impact on poverty reduction. In a similar fashion, the Parliament Analysis Unit (PAU) will enhance the ability of that legislative body to be more responsive to the demands for an improved investment climate and environmental protection..

Both CARP and PAU will provide Haiti with linkages to other countries which have gone through similar transitions. Examples of such linkages include Chile for policy reform and economic liberalization, Peru for its experience in the formalization of informal property rights, and the Dominican Republic for its experience in developing the tourism and assembly sectors. Brethren countries of the hemisphere have already taken a significant role in helping Haiti. Argentina is the fifth largest bilateral donor (after Japan), Chile has already provided assistance in investment promotion, and the Dominican Republic has been eager to promote cross-border trade. CARP and PAU will work in close coordination with the efforts of the IBRD and the IMF to improve the macroeconomic policy framework.

The Agricultural Information System will act in a similar manner to the PAU, by providing significantly improved information on agricultural production to GOH policy makers and entrepreneurs.

Through a social marketing component, USAID will ensure the widespread discussion of these policies before they are formally proposed to the pertinent bodies. In addition, this social marketing activity will launch popular educational campaigns to promote a better understanding of key issues affecting the economy, free enterprise and the informal sector.

There are three areas of focus which are seen as predominant to improving the policy framework. First, the Government must eliminate the bottlenecks that slow or block investment and economic development. Not only must laws, regulations, and policies be appropriate to the promotion of investment, but also the operation of government must invite investment. In other words, the GOH must shift from one which is at best indifferent to investment and at worst antagonistic to it, to one which accepts both in word and action the importance of both domestic and international investment to the future welfare of the country. Second, the Government must improve the delivery of its services, whether that be infrastructure or agricultural extension. Third, the Government must increase its level of accountability through an increased level of transparency.

The analysis of the Private Sector Assessment states clearly that improvements in the policy framework will not be a natural outgrowth of the continuation of the status quo. Policy change must be actively supported by a broader spectrum of civil society in order to be successful. For example, in our discussion with customers, privatization is always acknowledged to be an important aspect of the reform of the policy framework. However, our customers are much more interested in the liberalization of the economy, which will allow local groups to work with international investors to address such needs as power generation, road construction, and port rehabilitation or development.

An improved policy environment will open the door to the development of sectors and industries with value added, labor-intensive production. One sector which has great potential for the creation of jobs and increased income for the poor, and is sensitive to a poor policy environment, is light manufacturing. Based on monitoring and evaluation of the performance and impact of this sector in the future, the Mission will review its decision not to be involved in the sector.

USAID efforts to improve the policy framework will produce three long-term results; first, to reduce the flow of capital out of Haiti; second, to attract back capital currently abroad or belonging to the Haitian diaspora; and third, to attract international investors, who choose Haiti because of opportunities for adequate returns.

## Illustrative Activities include:

- Improving access to and security of urban land owned by the informal sector
- Launching a social marketing program promoting values and technologies which lead to a better understanding of the interplay between the environment, free enterprise and sustainable economic growth
- Supporting civil society to advocate for economic reforms
- Establishing a new institution, the Center for Applied Research on Poverty, developed with support from the private sector, to analyze the informal sector, track the impact of legislation and macroeconomic management on their economic welfare, and monitor their performance
- Improving banking regulation and competition to increase the efficiency of the financial system and the availability of resources for investment and finance
- Establishing institutional support to assist the Haitian Parliament in the analysis of both economic growth and environmental issues
- Increasing the capacity of civil society groups to advocate for and demand, improved services and institutions
- Establishing a reliable and viable agricultural information system

## IR 4: Strengthened Zones of High Potential Economic Growth.

Both Carrier and Carrier Control

In response to the challenge of concentration of economic power in Port-au-Prince and the resulting pauperization of the countryside, USAID will select High Potential Zones (HPZs) whose development will attract investment and migration from the surrounding hinterlands. The objective of focusing assistance geographically, as cited in the Food Security Strategy, is to develop sufficient impact in a limited geographic region to increase the incomes of currently food insecure people, primarily through the creation of jobs.

Port-au-Prince has reached its current limits of growth, infrastructure, and potential for providing opportunities for newly arrived migrants to increase their incomes. Yet, the Capital, more than twenty times larger than Haiti's second city, continues to receive more than 60,000 migrants annually, due to the lack of opportunity in other geographic regions. Increasing opportunities in rural areas to slow this migration is not an option since, as the

Food Security Strategy describes, rural areas must reduce, not maintain, population pressure, particularly on fragile hillsides. The geographic distribution of economic growth across several urban centers will reduce the population pressures on Port au Prince while developing other centers of economic opportunity.

The HPZ approach will occur within the context of other activities, such as micro-credit, watershed development, health and education retaining a national focus. The HPZ approach will seek to leverage USAID activities, those of other donors, and those of the private sector to produce a visible impact on economic growth in a limited geographic region. For example, in the city of Jacmel, donors (including USAID) are already working with a coalition of public and private sector actors to begin preparing the city as a functioning tourism center within two years.

Within the HPZs, the primary objective of USAID assistance will be on activities that result in sustainable and significant opportunities for poor rural and urban households to increase their income generation prospects. Emphasis will be placed on working with the stakeholders in the HPZs to identify activities that: 1) will achieve rapid results; 2) are community based; 3) have synergetic relationships with the activities of other donors; 4) expand the private sector; and 5) strengthen the economic linkages between the secondary cities and their rural hinterlands.

These HPZs should show a quick economic and environmental turn-around through the right policies, constructive private-public partnerships, and attractive investment opportunities. In the near term there are already market opportunities through small-scale operations not requiring major investments which could provide income opportunities directly for low-income people. Key among these are: small-scale agriculture and agribusiness; handicrafts and small-scale manufacturing; and certain segments of tourism such as the servicing of cruise ship destinations and auberge tourism based on the Haitian diaspora.

A critical challenge in the development of HPZs is the poor level of infrastructure development. The private provision of public infrastructure and services presents a solution to this problem and is currently under discussion in several municipalities. The poor level of institutional development in many municipalities makes the preparation of the necessary terms of reference, much less the regulatory framework, completely out of reach. To overcome this constraint, USAID will develop a new activity, the Municipal Development Fund (MDF). The MDF will draw on regional and sub-regional experiences to support local infrastructure development, facilitate investments, and encourage private sector solutions to public sector challenges. More importantly, the MDF will foster cooperation between the public and private sectors in Haiti to reduce the current high level of mutual suspicion, and change attitudes about the appropriate role of the private sector. The MDF will be developed in concert with the Democracy Program's Local Government initiatives. With regard to urban environmental issues, the HPZ element will support community-run upgrading programs similar to that of Cite Soleil in Port-au-Prince that provide potable water and sanitation services.

The first two HPZs in which USAID will work are Jacmel and Cap-Haitian. There are several reasons for selecting the two zones. First, both secondary cities have strong historic linkages with their rural hinterlands and at one time served as important ports for the export of locally produced agricultural commodities, in particular coffee. Moreover, as both zones are highly suited for coffee production, USAID could continue its successful coffee revitalization efforts in the rural areas of both zones.

A second important factor influencing the selection of these two HPZs, is that both towns have port facilities that are being rehabilitated by other donors and will attract cruise liner tourists. Visits by cruise liners are already planned for Jacmel, beginning in 1999-2000. As both HPZs have a high potential for tourism, the re-introduction of cruise ship tourism would be the first step in reviving this segment of the local economies and generating significant additional income opportunities. Both HPZs also possess a significant handicraft industry and many skilled artisans which, with technical assistance and credit, will greatly profit from the revival of the tourist industry.

The significance of a High Potential Zone approach to development of the informal sector lies in the opportunity to maximize the mutually reinforcing nature of the different activities. For example, tourism and handicrafts are clearly mutually reinforcing. Agribusiness and tourism also will be mutually beneficial, as backward linkages between the tourism and agriculture sectors in the Dominican republic clearly illustrate. As has been demonstrated in other countries (e.g. East Caribbean Islands), the tourism sector will be the stakeholder most keenly aware of the costs incurred from a degrading environment.

Capacity building programs for the tourism sector in both HPZs will be a useful tool, both for preparing the inhabitants for the arrival of tourists, and gaining community consensus for larger issues. Much of community education and consensus building will be carried out in cooperation with the civil society component of the Mission's democracy and governance program.

A significant benefit of this approach will be to give practical content to a range of decentralization initiatives, while providing local authorities access to foreign resources, thus breaking the monopoly enjoyed by the central government on the latter. The initial HPZs will serve as training grounds for future replication of economic and political decentralization approach. They will be carried out jointly with local governments Full-scale implementation of the HPZ approach will only be undertaken if the high budget option is secured.

Jacmel and Cap-Haitian both have a proven, local entrepreneurial class with strong attachments to their region. Their entrepreneurial spirit will facilitate USAID's efforts to expand the role of the private sector in the local community and to generate new opportunities to increase incomes. Moreover, in both communities, there exists a good dialogue between the public and private sectors which is based on a history of working together to achieve mutually desired ends.

Capacity building will be an important activity for the HPZ strategy. Skills or business training are required to allow the population to secure opportunities to increase incomes. In the rural areas, technology transfer of improved farming techniques, seeds and crop types may also mandate skills training for the farmers as well as extension agents. The HPZ element will directly support initiatives aimed at improving energy supplies and use. Similarly, the Mission's democracy and governance program might be able to concentrate a greater amount of effort on training local officials within the HPZ, both in terms of improving the capacity of these officials to manage local services and to promoting public-private partnerships and community participation in development activities.

The high potential zone approach is an agriculture and rural development strategy. The low level of demand from urban areas, poor linkages between urban and rural centers, and poor infrastructure, contribute to the low productivity of adjacent rural economies. Cities like Jacmel will once again be effective engines of growth for their regions through the increased demand for agricultural products which are the inevitable results of increased economic dynamism. Concurrently, robust economic growth in cities like Jacmel will provide the capacity to absorb the inevitable and necessary migration from rural to urban areas.

#### Illustrative Activities include:

- Form Municipal Development Fund supporting market driven solutions to public sector issues: energy, potable water, solid waste collection, and community management of infrastructure
- Enhance investments in the rehabilitation of secondary roads linking secondary cities to areas of great tourist and agricultural potential
- Support pilot efforts in decentralization of authorities and revenue-generation by local governments
- Build on the work of other SO teams to develop community-based projects, civil society capacities and public-private partnerships
- Form public-private partnerships for municipal development plans and other measures critical to long-term development

## 7. Expected Results and Impact:

Sustainable Increased Income For The Poor: Strategic Objective level Indicators and Targets (end of year 2003)

- Percent change in private investment
   2001-7%, 2002-9%, 2003-10%, 2004-10%
- Percent increase income for customers
   Target: 1999-10%, 2000-10%, 2001-10%, 2002-10%, 2003-10%, 2004-10%

- IR 1: Increased Environmentally Sustainable Agricultural productivity (assumption PLUS \$6 million,coffee \$2 million \$1.5 million for animal/water program and \$3 million Title III)
- Percent Increase in Average Real Farm Income in Selected Areas:
   Target: 1999- 5%, 2000- 7%, 2001- 10%, 2002- 10%, 2003- 10%, 2004- 10%
- # of Customers Baseline: 1998-160 (thousands)
  Target 1999- 175, 2000- 180, 2001- 190, 2002- 210, 2003- 225, 2004- 225<sup>3</sup>
- IR 2: Small and Micro Entrepreneurs Economically Empowered (assumption \$7.5 million/year and \$3 million Title III)
- Percent increase in earnings<sup>4</sup> of customers of the USAID small and microentrepreneur program.

Women: 1999 - 25, 2000 - 25, 2001-25, 2002-25, 2003-25, 2004-25

Men: 1999 - 25, 2000 - 25, 2001-25, 2002-25, 2003-25, 2004-25

- Percent Increase in number of customers of USAID small and microentrepreneur program (1998-5000 customers)

Women: 1999 - 25, 2000 - 25, 2001-25, 2002-25, 2003-25, 2004-25

Men: 1999 - 25, 2000 - 25, 2001-25, 2002-25, 2003-25, 2004-25

- IR 3: Investment Climate Improved (assumption \$3.5 million)
- Composite Index on Domestic and International Investment Climate Target: TBD
- IR 4: Strengthened zones of high potential economic growth (assumption \$20 million/year)
- Number of customers Benefitting from New and Improved Municipal Services: Baseline 1999-0;

Target: 2000-10,000, 2001-20,000, 2002-40,000, 2003-80,000, 2004-160,000

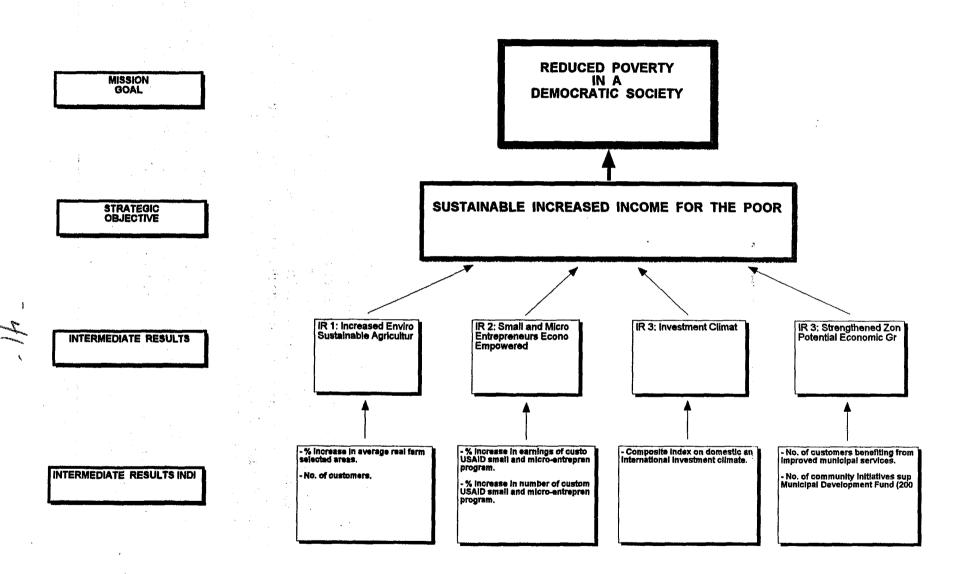
- Number of community initiatives supported by Municipal Development Fund Target: 2000-6, 2001-12, 2002-32, 2003-48, 2004-48

<sup>&</sup>lt;sup>3</sup>The period 2003-2004 will be used to consolidate the use of technology introduced in prior years.

<sup>&</sup>lt;sup>4</sup>Since income is a difficult statistic to ascertain among micro-entrepreneurs, earnings (deducible from sales volume) is used as a proxy. The underlying assumption is that micro-entrepreneurs will not continue to produce at higher volumes if it results in reduced net income.

# SO: SUSTAINABLE INCREASED INCOME FOR THE POOR

Indicators for the SO:- Percent change in private investment.
- Percent increase income for customers.



# B. Environmental Degradation Slowed

# 1. The Strategic Objective: Environmental Degradation Slowed.

Our Strategic Objective is to slow the disastrous pace of environmental degradation in Haiti. Desperate poverty and lack of alternatives forces Haiti's rural poor to ravage the land for their immediate survival needs; the result is a depleted natural resource base that cannot, in fact, sustain the existing rural population. Many migrate to city slums. Uneducated and malnourished, neither the rural nor the urban poor have the capacity to improve their economic and political prospects, feed their children, or control the size of their families. Thus, population explosion raises the specter of escalating pressure on the exhausted land and ill-equipped cities. With 70 percent of the Haitian population relying almost entirely on the natural resource base for income, direct and institutional measures are needed to secure what remains of the country's environmental potential.

USAID's strategic approach will build on local initiatives and a new political openness that permits community groups to solve their problems. USAID's environmental team will: nurture community-based endeavors to sustainably manage natural resources, nurture advocacy for improved policies, and undertake economically viable productive enterprises. The proposed program will also foster improvement in the public policies and institutions that could promote conservation and rational exploitation of natural resources. Finally, USAID's agriculture, micro-enterprise (Sustainable Increased Income for the Poor SO), and energy activities will offer alternative sources for the food, income and energy that the poor currently acquire by continued unsustainable mining of their already depleted natural resource base.

## 2. Problem Analysis

### The Country

This tropical country is increasingly losing its production potential and beginning a process of desertification. Only 1.5 percent of Haiti's natural forest remains and 25 of its 30 watersheds are denuded. This deforestation of Haiti's mountainous countryside has resulted in extensive soil erosion washing away approximately 15,000 acres of top soil each year. This imposes intolerable limits on the agricultural and economic possibilities for the 70 percent of Haiti's population for whom agriculture provides a major source of income. Erosion also damages other productive infrastructure such as dams, irrigation systems and roads and the coastal marine ecosystems.

Haiti has a rural population of 5.6 million people of whom almost 4.5 million live below the poverty line (US \$220 per capita income per year) and over three million live below the indigence level of US\$160 per capita per year (for 1995). Haiti is rural poor and small-scale landowners, with farm size averaging between 1 to 1.5 hectares. However, in order to attain food sufficiency, that same rural household would have to have 2.5 hectares under cultivation. Traditional farming practices as they exist in Haiti today cannot sustain the

growing rural population, given the unavailability of additional agricultural land. In some of the drier areas, charcoal production is the primary source of income for the farmers. A survey performed by CARE, ADRA, and CRS, of their food aid recipients, indicated rural households on average derive only about 14 percent of their income from agriculture. In contrast, 36 percent of income came from non-agricultural wages and 16 percent, from charcoal and wood sales. Although we would expect agriculture to account for a higher percentage of income in more productive areas, these facts make it painfully clear that it is not agriculture but the rapidly disappearing forest that is the primary source of rural income in drier areas and among the poorest of the poor. Agriculture also does not provide food security to those who live on the land. The same survey indicates, only 28 percent of a rural household's food is self-produced and an enormous 67 percent of that household's expenditures are for food.

# The Cities

Haiti has the most pronounced urban primacy in the hemisphere, with Port-au-Prince (with a population of **two** million) exceeding the size of the second largest city by almost twenty times. Unable to support themselves on the land, the rural population migrates to the urban areas. Port-au-Prince has reached its limit of growth in the near term. Already inadequate waste and sewage disposal threatens health, pollutes aquifers and destroys coastal resources. Secondary cities are experiencing similar problems on a smaller scale.

At current growth rates, Haiti's urban population (approximately 30 percent) will grow from the present 2.2 million to 9.4 million by 2020. Only 37 percent and 41 percent of people in P-au-P and secondary cities, respectively, have access to potable water and only 30 percent of the urban population has access to sanitation such as latrines or toilets. Improperly disposed urban sanitary waste contributes to 75 percent of infant mortality, 50 percent of children's deaths, and 20 percent of all deaths.

#### The Constraints

Concerted action to halt environmental degradation is constrained by 1) unsustainable agricultural practices (see Sustainable Increased Income for the Poor SO for description) 2) reliance on wood-based energy; 3) dysfunctional policy and institutional framework; and 4) lack of community organizations to manage natural resources.

a. Reliance on Wood-Based Energy. In the energy sector, the growing gap between fuel wood supply and demand has already precipitated wide-spread environmental degradation. Two aspects of energy production must be resolved to reduce the reliance on wood-based energy: 1) The demand for wood and charcoal based fuels must be reduced to a sustainable level (equal to the rate of tree production dedicated for this use) and 2) electric energy production and management must be improved.

The demand for energy for Haitian households and commercial enterprises is met by cutting of equivalents 30 million trees per year while Haitians plant only 10 million trees per

year; thus use outstrips supply by a factor of three. Without a quick intervention to decrease wood energy consumption, both accelerated environmental degradation and an energy crisis will occur in Haiti. To replace fuel wood, alternative energy sources (wind, solar, hydro, kerosene, LPG, electric) are needed. Presently these alternatives are not widely available.

Electric energy currently only provides approximately 2 percent of the country's energy requirements. Electricity production in secondary cities and Port-au-Prince has been managed by the state-operated electric utility (hydro-electric and diesel turbines). The Haitian electricity system is characterized by high technical and non-technical (theft and poor billing and collection) losses and related poor financial performance, poor reliability and insufficient maintenance, inadequate generation and lack of funds for expansion. Even with donor interest and funding, given institutional and political constraints, it is expected that improvements will be very difficult.

b. Dysfunctional Policy and Institutional Framework. The failure of local and national institutions in Haiti to manage productive natural resources and infrastructure as well as to provide public goods is a significant constraint (reference: Food Security Strategy and the extensive customer survey of selected watersheds). Lack of resources and administrative capability further weakens the GOH structure that is in place.

The Ministry of Environment, created by Presidential decree in 1995, does not have an organic law which legitimizes its mandate and authorizes long-term staff. Instead the Ministry of Agriculture retains the legal mandate to protect national resources. Responsibility for solid waste collection continues to be with the Ministry of Public Works and the mayors' offices. The responsibility for water within the GOH is also divided between several Ministries. The development of a comprehensive policy for water management is being funded by the IDB. Without clear institutional responsibilities, qualified and dedicated personnel, sufficient resources or a comprehensive governmental policy or plan, Haiti's laws protecting the environment cannot be enforced.

c. Lack of Community Organization and Management. A history of elitism, exploitation, dictatorship, state predation and crony capitalism has left Haiti with weak local institutions to manage productive natural resources and infrastructure. Whereas local organizations have emerged naturally in other countries as rational responses to community needs, real community organizations were systematically repressed in Haiti over the last forty years. Although the recent political opening has finally provided the opportunity for the development of grassroots organizations, nascent Haitian community groups lack the legal status, organizational and technical know-how to undertake projects and to engage in effective advocacy. Since the GOH, without significant structural improvement, cannot realistically be expected to successfully manage and maintain roads, irrigation canals, and water systems, community participation in their management is essential.

This constraint crosses all sectors, but it is particularly important in environmental issues because the on-the-ground problems demand community solutions. For environmental initiatives, a major challenge is to generate funds for managing any given system. For

instance, the technical solutions are readily available for collecting and disposing of solid and sanitary waste. However, there is no mechanism in place to collect sufficient revenue to sustainably finance and manage an improved system. A USAID funded report identified that a user tax on water or electricity is the most promising way to collect revenues for solid waste collection. Yet, these utilities are currently having difficulties generating sufficient revenues to cover their own operating costs.

## **Program Accomplishments to Date**

- -- USAID has had great success in producing models of sustainable agriculture and community cooperation. In addition to increasing incomes in our hillside programs (also see Sustainably Increased Income for the Poor SO), over 130,000 PLUS farmers and 20,000 coffee farmers have planted multipurpose and coffee trees and begun using sound agricultural practices which slow environmental degradation. These practices not only slow soil erosion and increase humidity retention, they also foster community action. Many participating farmers or peasant extensionists have been elected to local government positions from which they can influence community action. A \$21.5 million IBRD project currently funds the replication of USAID's models.
- -- Urban environmental interventions have also produced replicable models. In close collaboration with local public utilities and in tandem with a UNDP project, a water project has been completed in Cité Soleil, perhaps the worst slum in the Western world with a population of 200,000 people in two square kilometers and one of the most unstable areas of Haiti. Clean water is now sold to 175,000 people through 76 community operated fountains. The proceeds are used to fund the collection of solid waste which clogs canals and leads to the flooding of sanitary waste into people's homes.
- -- On the policy front, USAID's team has secured ministerial support for development of the National Environmental Action Plan (NEAP). The NEAP, even while in the stages of negotiation, has already helped mobilize 93 communes to draft their first environmental plans ever; more than 660 grass-root NGOs have also collaborated in this nation-wide effort to identify viable solutions to Haiti's pressing ecological challenges.

## 3. Critical Assumptions and Causal Relationships

The key critical assumptions are:

- Other donors on-going programs continued and their funding maintained and dispersed as projected over the 5 year period.
- Political conditions, public lack of confidence, and/or insecurity do not produce disruptive events that severely effect our customers and partners.

Accomplishment of the environmental SO depends on achievement of results by the rest of the USAID's SOs. Other Strategic Objectives will improve the level of human capital,

increase incomes, address the population problem, and improve governance. The More Genuinely Inclusive Democratic Governance Attained SO will supply expertise to organize civil society; the Achieve Desired Family Size SO will address the population issue so critical to halting environmental degradation; and the Sustainably Increased Income for the Poor SO will supply the financial incentives that make it possible for the rural poor to practice environmentally sustainable natural resource management.

## Causal Relationships

To achieve the SO and overcome the constraints identified in the problem analysis section, two intermediate results have been identified that are required to achieve the SO: IR1-Sustainable Energy Options Used and IR2-Civil Society and Government Implementing Environmental Solutions (see Results Framework). The illustrative approaches section provides more details about the types of interventions envisioned for each intermediate result.

In order to concentrate results and provide visible models of success, environmental interventions will target critical watersheds in rural areas and in urban areas, the high potential zones.

# 4. Commitment and Capacity of Development Partners

Improving the environmental sector is a development objective of several multilateral, bilateral, and PVO organizations active in Haiti. These organizations have been working closely together in collaboration with the government to develop complementary strategies.

In the environmental sector, UNDP, IBRD, and Canadian Government are our partners in the development of the NEAP and capacity building for the Ministry of Environment. The IBRD has initiated the Environment and Rural Poverty Program involving the management of National Parks including Park Macaya, and a Communal Development Fund. The IDB, UNDP, IBRD, and Canadians have also planned substantial investments in the water sector. The IDB, IBRD, EU, and Canadians are planning substantial investments in the energy sector. The Canadians, French, and Dutch are also interested in the household fuel segment of energy. Additionally, significant interventions are planned by donors for decentralization and local governments.

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Table 4. MAJOR DEVELOPMENT PARTNERS CONTRIBUTIONS (\$ Millions)

Sectors	IBRD	IDB	EU	Canada	UNDP
Environment		158		10.10	
- NEAP	0.42			Yes	Yes
- Parks	21.5				-
- Institution Building					
- Water	Yes				4.8
- Haiti/Dom. Republic Cross	20	148	10-25	18.9	3.30
border	Yes	Yes			
Energy	24.0	39.9	21.4	19.70	
- Household energy				0.5	
- Alternate energy				-	
- Power generation	•	39.9		19.2	
Decentralization/ Local Government		25-30	33.81	56.9	39.01

USAID's direct partner under the new environmental program, Agriculturally Sustainable Systems and Environmental Transformation (ASSET), is Winrock. Baseline performance results will not be available until 1998 from the Winrock contract. CARE and Pan-American Development Foundation (PADF) have been involved in promoting dissemination of improved stoves on a small scale.

### 5. Sustainability

Haiti's social and economic development cannot be sustained without addressing continued environmental degradation of the rural and urban areas. This SO concentrates on sustainability by emphasizing the building of both local and national institutions (IR2) that will continue addressing critical environment problems with decreasing internationally managed assistance. The proposed multi-donor supported Haitian Environmental Foundation (HEF) is an example of an institution that will use Haitian solutions to address environmental problems through the most promising locally active organizations. The program on energy substitution (IR1) will arrest the environmental problems constraining economic growth. Both IRs emphasize improved local management of institutions, a determining element to ensure sustainable management of all investments. Equally important, this SO will work closely with Sustainably Increased Income for the Poor SO because without increased incomes, any environmental effort is doomed.

Sustainability is also supported by concentrating on:

- environmentally-friendly technologies, economic activities and policies

- the provision of a framework to improve service delivery in the targeted sectors for continuation beyond USAID funding time frame
- increasing awareness and promoting discussions of and support for environmental issues leading to community action
- priority community-requested activities and market-driven, income producing activities
- use of participatory approach and public-private partnerships

## 6. Illustrative Approaches

Through synergies with other SOs, primarily the Sustainably Increased Income for the Poor, and other donors, USAID's efforts will be focused on addressing community and national concerns on energy and environmental degradation. Activities for these SOs will be selected in terms of their capacity to deliver the desired results following the principles which guide our approach (e.g., participation, market-driven, reinforcing the democratic process, environmentally friendly, fostering private solutions to public challenges, and sustainability). These activities will be grouped into two IRs.

# IR 1: Sustainable Energy Options Used

This IR will resolve the constraints identified in the energy sector and will focus on two major themes.

a. More Rational Selection and Efficient Use and Production of Fuel Sources.

USAID will coordinate with other donors to support priorities identified at a Household Energy Conference sponsored by the IBRD. These recommended interventions will produce a quick impact in reducing consumption of charcoal and wood fuels. Four of the priority interventions concentrate on promoting improved charcoal stoves and charcoal or wood substitution stoves for both households and businesses.

Promotion of improved stoves will require a sustained marketing program involving a variety of media and demonstrations to various groups to create demand. The creation of demand must be carefully tied to production to ensure consumer demands can be met. Initially 300 to 400 artisans will be trained. As demand grows, production through small-scale enterprises will produce greater quantities and better quality stoves. Credit for stove promotion programs will be coordinated with financial elements of the Sustainably Increased Income for the Poor SO. The four most promising interventions in the household and industrial energy sector are the promotion of improved charcoal, kerosene and LPG stoves and improved energy technologies for industries.

1) Efficient Charcoal Stoves. Since charcoal is the traditional household fuel, with little training, the Haitian poor could adopt the improved charcoal stoves. This initiative would promote 130,000 improved charcoal stoves over 4 years to 65,000 households and 13,000

stoves to small-enterprises while creating sustainable commercial stove production and sales systems.

- 2) Kerosene Stoves. Kerosene cooking offers economic advantages over both LPG and charcoal. Kerosene can be more readily transported outside of urban centers into areas unreachable by LPG. CARE household trials identified a potentially large market for "butterfly kerosene" stoves (not readily available in Haiti but that could be promoted). Improved efficiency from kerosene stoves requires pressurized improvements and/or fuel reformulation to resolve lighting problems. A partnership with petroleum companies is desirable for this type of technical modification. By promoting the stoves, it is projected that 30,000 units will be sold.
- 3) LPG Stoves. LPG, butane, is the preferred substitution option with increased household incomes and access to the fuel due to its convenience, cleanliness, and modern appeal. Efforts were made in 1989-92 to promote the use of LPG stoves. About 1 in 4 urban homes in Port-au-Prince purchased the stove at subsidized prices. One gas company has expressed interest in decentralized small-scale LPG distribution in small-quantity. So, an opportunity exists to promote the use of LPG to about 60,000 current owners of LPG stoves potentially doubling LPG consumption.
- 4) Improved Industrial Technologies. Another priority intervention will be assisting businesses currently purchasing large supplies of wood for cooking, baking, distilling, and heating, for distilleries, restaurants, and dry cleaners to purchase equipment using alternate fuels such as kerosene. Industrial use of wood fuel is actually prohibited by a Presidential Decree dated July 7, 1987, but not currently enforced. Since operating costs are often less for alternate fuels to wood, businesses have a strong financial incentive to use them. USAID will assist businesses identify more appropriate technologies and obtain credit for their purchase.
- b. Improved Sustainable Power Availability. Power availability is critical to create alternative energy sources for creating opportunities to increase incomes, facilitating small-business growth, agro-processing and tourism, among other areas. The goal of the multi-donor efforts in this sector is improved power supply reliability, increased financial viability of electrical systems, decreased non-technical losses (theft), and decreased unmet demand. USAID's priority will be to work with community groups to improve the management of either existing systems or those being constructed or repaired. In close collaboration with other elements in this strategy (i.e. HPZs, policy), this IR will encourage private solutions to energy constraints.

Once efforts are underway to improve major power supply systems, USAID will begin to develop strategies for increasing the availability of electricity in cities and smaller communities using reasonably priced yet sustainable and less environmentally damaging fuels and technology. Specifically, USAID will promote ways to increase the capital (e.g. the Municipal Development Fund) and technology available for system expansion from non-government sources and increased private sector involvement in planning, management and

operation of power sector. Emphasis will be on developing and analyzing approaches (build, own transfer (BOT) to local investors, private power sale to the national utility, municipal ownership, etc.), for meeting the needs of those not receiving electricity from the current system. The first step will be to develop objective guidelines for prioritization of new supply and non-distorting means to channel public assistance and credit (e.g. through capital contributions as opposed to operating subsidies). In close collaboration with the HPZ element and its Municipal Development Fund, oversight schemes will be promoted to prevent the abuses which could arise from localized monopoly power.

In addition, our program will augment the use of environmentally sound and financially viable small-power supply through renewable energy production (phased-in as restructuring proceeds and creates a conducive policy and financial structure). This component will include project identification, prefeasibility study financing, facilitate access to credit (e.g. Environmental Enterprises), and assistance in addressing policy and institution constraints. Emphasis will be on such options as small-hydro, sustainable biomass, wind, and solar (as appropriate on a household basis). Other examples include activities with potential for income generation, such as biomass power supply coupled with agricultural processing and production of cattle feed.

# IR 2: Civil Society and Government Implementing Environmental Solutions

This result will be achieved at the national level and in close collaboration with other donors. Interventions will seek to strengthen government institutions as well as quickly capitalize on the opportunity to reinforce community participation in the solution of environmental and energy problems. Jointly with the More Genuinely Inclusive Democratic Governance Attained SO's civil society activities, community organizations and civil society groups will be trained and empowered with technical and financial support. The development, organization, and mobilization of grass-root community groups will allow initiation of community solutions to problems beyond individual capacity and interests (e.g., the farm, the microenterprise). Specific activities contributing to this IR are described below:

- a. Policy and Institutions Protect the Environment. Three main activities support the development of policy and institution building.
- 1) Strengthened Environmental Framework. USAID will build the capacity of key government agencies (i.e., the Ministries of Environment, Mines and Energy) and emerging civil society groups to resolve the constraints previously identified. Continued administrative and technical support is envisioned for the Ministry of Environment to develop and implement a framework for the environment. Two actions are critical: 1) a clear organic law specifying which government organizations have responsibility for the protection of the environment; and 2) the development and implementation of the NEAP. The NEAP will help prioritize interventions for both donors and the GOH in sectors that effect the environment. It is important that environmental data also be collected as part of the Environmental and Agricultural Information System (Sustainably Increased Income for the Poor SO).

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The local groups supported include: producer associations, artisan groups, municipal developments authorities, tourism promotion cells, community based environmental action groups, water user associations, environmental and financial local NGOs, caisses populaires.

Equally important and reinforced by results in the More Genuinely Inclusive Democratic Governance Attained SO's program, coalitions of environmental organizations will be fostered to build a sustainable and indigenous demand for environmental protection.

Support to both government and local groups will build momentum through increasing the capacity of the government to supply and increasing the demand for improved services from local organizations for the establishment of the necessary policy, administrative, and institutional setting to arrest environmental degradation.

In the energy sector, a unified concerted effort with major donors will promote timely and effective electricity sector policy reforms leading to restructuring of EDH. Another major impediment to electric sector restructuring will be increasing US and other investor confidence, stimulating local investment and involvement, increasing transparency, and potentially initial direct risk mitigation. USAID's role will be to lower the barriers to entry for investors, as well as to increase the probability of successful investments.

- 2) Environmental Awareness Campaign. A key part of this process, is the implementation of an environmental awareness campaign. This campaign will raise general awareness and understanding of key environmental issues, motivate and inspire change for the sector, and ensure the widespread discussion of policies before they are formally proposed to the government. In addition, the introduction of environmental educational materials into the school system will be promoted. The Sustainable Increased Income for the Poor SO's Center for Applied Research and the unit assisting the Haitian Parliament will also by used to treat environmental issues and legislation.
- 3) Haitian Environmental Foundation (HEF). One of the highlights of the planned efforts in institution building will be the creation of a Haitian Environmental Foundation. It is necessary to have a sustainable mechanism in place, operated by Haitians, that encourages the strengthening of local and national governmental and non-governmental institutions to produce the type of results that in the past only international NGOS were able to receive funding to produce. Producing results will still be important, but the Foundation will have the flexibility to support the work of international NGOs, local NGOS, and the GOH as well as to involve Haitians, particularly well educated ones, in solutions to the environmental crisis that particularly effects the poor (see illustrative approaches for more detail about the types of activities that could be financed). The donor community, the GOH and leading private sector groups have already expressed interest in the HEF. Use of the HEF for implementing the proposed IBRD program in bio-diversity has already received a favorable response from the IBRD.

The HEF, can support activities that:

- Advocate for change through environmental social marketing and educational material

- Coordinate analysis and research on environmental issues
- Finance local level activities such as:
- agricultural initiatives aimed at improving agro-ecological conditions
- environmental interventions

The important precepts that will be promoted through the Foundation include: public-private collaboration; conflict resolution (including agreement by the communities on land management issues and partnerships between hillside and down-slope farmers); sustainability, accountability and ability to monitor results; and the ability to identify/attract local and international funding.

- b. Civil Society Organizations Implementing Environmental Solutions. Two main activities involve civil society implementation of environmental initiatives.
- 1) Community Action on Critical Watersheds. This set of activities will concentrate on broad-based natural resource management (NRM) focusing on improved management of natural resources, productive infrastructure, and water including interventions identified in commune level NRM plans and the NEAP.

The agricultural extension system approach is very effective but has not been implemented nationwide due to the cost. It is essential to create a community-driven model that is more cost effective, sustainable, and replicable to enable citizens to rehabilitate degraded lands and increase their sustainable productive capacity throughout the country. This process will be supportive of USAID's democracy and civil society programs emphasizing decentralization and local initiative. USAID will provide training, TA, and financial resources for community groups in activities such as: nursery and tree management, soil conservation, water management/sanitation as well as assistance in proposal preparation and the financial management of grants. The grants will be for implementing and learning how to manage community-generated ideas that have potential to be sustainable. Assistance will also be provided for the development and implementation of NRM plans.

The first USAID pilot using the community approach will be in Rivières Grise and Blanche subwatersheds. These watersheds are the recharge zones for the aquifer used for potable water in Port-au-Prince and the source of significant destruction from floods. Another important watershed is the Artibonite that encompasses both Haiti and the Dominican Republic. The targeted critical watersheds will be determined in the work plan review (Winrock) through a consultative process that includes the selection of objective criteria, the result of NEAP priority interventions, discussions with the GOH, and synergistic potential with other donors and other USAID activities.

2) Improved Resource Management of Urban Areas. Substantial investments are planned by IDB and UNDP to support improvements in water distribution. Investments in larger scale wastewater treatment and solid waste collection will not be sustainable without identifying a source of funding for operating costs and strengthening the regulatory framework and institutional capacity for environmental issues (see IR1). With the GOH's inability to enforce environmental regulations, improvements in waste management is

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voluntary. Therefore, urban environmental activities will focus NEAP priority actions and improved community management of water and solid and sanitary waste of existing systems, systems financed by other donors or through USAID's NEAP, HEF, or HPZ IR.

Activities will continue to be promoted to improve sanitation services and community resource management through the propagation of successful models, such as the pilot water management activity developed in Cite Soleil. Activities will emphasize financially sustainability, community-based urban sanitation, behavior modification, low cost technologies, and efforts that involve NGOs and community groups into partnerships with local government in essential urban services.

## 8. Expected Results and Impact:

# SO: Environmental Degradation Slowed

The Strategic Objective level Indicators and Targets are:

- Population benefitting from improved environmental practices in solid waste disposal, soil and water conservation, energy efficiency, and sylviculture (million): Baseline 1997: 0.9; Target: 1999 -1, 2000-1.3, 2001-1.8, 2002-2.2, 2003-2.6, 2004--3

## IR 1: \*Sustainable Energy Options Used

- \*\* Increased number of households and businesses using new or improved environmentally sound energy sources (cumulative number): Baseline 1999-TBD; Target:1999-2500, 2000-45,500, 2001-96,000, 2002-120,000, 2003- 145,000, 2004-160,000
- Improved power supplies in secondary cities (cumulative number) assisted by USAID program: Target: 1999-0, 2000-1, 2001-2, 2002-3, 2003-4
- \*\*\*Reduction in wood/charcoal consumption (percent): Baseline 1999; Target: 1999-2%, 2000-5%, 2001-10%, 2002-15%, 2003-20%, equivalent to 280,000 tons of wood saved

Note: \*The funding for energy programs will end in 2003. However, increases in 2004 will still continue due to private businesses continued interest.

\*\*The target for 2003, the year which funding ends for energy programs, includes improved charcoal stoves in 51,000 households, kerosene in 14,000 households, LPG in 50,000 households, improved technologies in 5,000 businesses and 25,000 households impacted by improved power sector generation. If other donors commit to funding a part of the household energy sector, USAID will be able to focus more on the power sector interventions including rural electrification using alternative technologies (solar, photovoltaics).

\*\*\*The percentage charcoal/wood reduced will be determined from savings generated by stove sales compared to a base of the estimated wood/charcoal consumption for the year 1999 increased by 5 percent each year for income, urbanization, and population growth.

## IR 2: Civil Society and Government Implementing Environmental Solutions

- Increase in the population aware of environmental issues and solutions (percent): Baseline 1998-TBD; Target: 1999-5%, 2000-10, 2001-20%, 2002-40%, 2003-50%, 2004-60%
- \*Population (1000s) using improved environmental practices in solid waste disposal, soil and water conservation, energy efficiency, and silviculture: Baseline 1997: 150; Target: 1999-175, 2000-230, 2001-320, 2002-375, 2003-430, 2004-500
- \*\*\*Increase in hectares of land protected through community programs (number): Baseline 1997- 7,800 hectares; Target: 1999-12,400, 2000-14,850, 2001-17,400, 2002-19900, 2003-22,420, 2004-25,000

Note \*All of these results include the anticipated impact of HEF activities (IR1). Assumes that HEF will require a community NRM plan as a prerequisite for funding.

\*\* When more information becomes available, USAID would like to measure increased biomass as one of the indicators. This number is based on PADF PLUS baseline and an additional 2,350 hectares/year from PADF PLUS.

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# SO: ENVIRONMENTAL DEGRADATION SLOWED

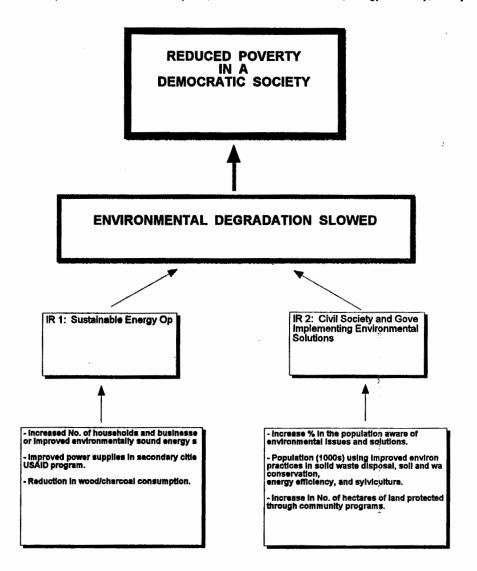
Indicators for the SO:- Population benefiting from improved environmental practices in solid waste disposal, soil and water conservation, energy efficiency, and sylviculture.

MISSION GOAL

STRATEGIC OBJECTIVE

INTERMEDIATE RESULTS

INTERMEDIATE RESULTS INDICATORS



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# C. Achieve Desired Family Size

## 1. Statement of Strategic Objective: Achieve Desired Family Size

The wording for the Strategic Objective "Achieve Desired Family Size" best reflects USAID's extensive discussions with health sector partners, customers and counterparts regarding two issues of critical importance to Haiti's economic development: the health and well-being of its children, and rapid population growth rates. Both child survival interventions resulting in reduced infant and child mortality and morbidity, and reproductive health services permitting women and their partners to delay or space births are essential to achieving "desired" family size.

There is a paradox in the demographic situation prevailing in Haiti today. The total fertility rate dropped from 6.3 in 1987 to 4.8 in 1994. The desired fertility between 1991 and 1994 was 3, strong evidence of the wish of most individuals to have a smaller number of children. Yet the population continues to grow at a high rate of 2.3 percent annually. This rapid population growth jeopardizes investments made for the economic and social development of the country, further depletes an already stressed natural environment, and hinders efforts to respond to the needs of society.

An ad hoc Haitian Task Force on Population and Reproductive Health emerged in 1997, signalling its willingness to coordinate local organizational support to address the reproductive health needs of Haitians. The Task Force has developed a draft strategy and budget for achieving desired family size entitled "A Call to Action", based on the priority interventions identified at the 1994 International Conference on Population and Development held in Cairo. This initiative not only indicates grassroots support for sector programs but is a sign of the positive changes taking place in Haitian civil society.

### 2. Problem Analysis

Haiti's continuing rapid population growth has serious implications for its economic well-being. At current fertility rates, Haitian women will give birth to an average of 4.8 children during their reproductive years and the current population, estimated at 8 million, will double by the year 2027. More than half of women in union and 42 percent of men either do not want any children now or want no more children. If all unwanted births were avoided, the total fertility would be 3.0, nearly two children less than current fertility. One in eight children born will not live to the age of five, the highest under-five mortality rate in the Western Hemisphere, and one in three children is chronically malnourished. Maternal mortality is estimated at a high 1,000 per 100,000 live births. The Ministry of Public Health and Prevention estimates that 10 percent of Haiti's urban population is infected with HIV and it is estimated that almost half the women of reproductive age have a current, untreated sexually transmitted disease or infection. Yet large numbers of Haitians have no access to Reproductive Health (RH) or Child Survival (CS) services.

Many Haitian decision-makers still do not grasp the interrelationships between population growth, reproductive health, deterioration of the environment, failure of the educational system and socio-economic problems. As a result there is no national population policy and demographic variables are not taken into account in development planning. Fully 46 percent of Haiti's population is age 15 and under; when employment is taken into consideration, there are 2.8 dependents for each economically active adult. This age group will be entering reproductive age over the next 15 years; thus even accelerated action to help individuals achieve desired family size will not decrease the number of reproductive age Haitians by the year 2012. If current trends continue, the total urban population, currently 33 percent, will increase to 55 percent by 2010, with ominous consequences for the urban sector. At that time Port-au-Prince is expected to house 70 percent of the urban population.

According to official statistics, 60 percent of the population has access to services; but in practice only 25 percent of the population has access to family planning services. With respect to specific services, only eight specialized institutions concentrated mostly in the capital city offer more than 3 modern contraceptive methods and 78 percent of health care facilities offer no assistance for child delivery. Services offered do not respond adequately to the behavior and health care requirements of young adults aged 12-24, who make up one third of the population. Child Survival programs are equally inadequate: full child immunization is only 30 percent, one in five children has received no immunizations by age one, and only 31 percent of diarrhea cases are treated with oral rehydration solution. The health system itself is dispersed among public, private and jointly administered agencies and is characterized by an unequitable distribution of facilities and resources; poor availability and management of essential drugs; and service providers with weak or limited RH and CS skills.

Education of girls and women has a strong influence on their knowledge and use of services. Over one-third of Haitian women age 15-49 have no education. The children of these women are 1.7 times more likely to die before reaching the age of five than children of mothers with a secondary education. More than one-third of adolescent girls gives birth before reaching the age of 20; early childbearing is much more prevalent among teenagers with no education (26 percent) than those with a secondary education (8 percent).

Similarly, women's rights and economic participation have a profound effect on childbearing and the welfare of children. There appears to be a growing deficit of males in nearly all age groups, probably due to emigration, and a disproportionate number of women migrate from rural to urban areas seeking economic opportunities: in 1995 there were 125 women for every 100 men in Haitian cities. Women presently head over 40 percent of Haitian households and in an attempt to gain economic support from men, bear children to cement the relationship. The instability of these informal unions, particularly in the cities, often leaves women responsible for the support of numerous children from former unions. One in ten children under age 15 is fatherless and/or motherless and only half live in households with both biological parents present.

Women's ability to negotiate within relationships is also limited. In a 1996 survey, 29 percent of women interviewed stated they did not consent to their first sexual experience and 70 percent reported being victims of violence. In 1980 women represented only 10 percent of the HIV-positive population, but by 1993 made up half of this group. Yet, while 43 percent of men who consider themselves at risk of AIDS have modified their behavior to avoid the disease, only 23 percent of women have done so. The absence of provisions to protect women in general and minors in particular promotes paternal irresponsibility while increasing the social burden of women.

## **Program Accomplishments to Date**

The USAID health sector program focuses on building a public-private partnership of service providers linked to a national community health organizational structure. USAID supports programs in all of Haiti's nine departments as part of a nationwide, coordinated donor health program. Despite challenges, USAID's 22 NGO partners have succeeded in maintaining service delivery to 2.3 million beneficiaries nationwide, and contraceptive prevalence rates (CPR) in several program target areas are nearly double the national CPR. A social marketing program partially financed by USAID sold 7.5 million condoms in 1997 and expanded sales of oral and injectable contraceptives. USAID will launch family planning programs with an additional 20 NGO partners in early 1998.

Child survival and maternal health indicators in USAID-financed program areas demonstrate substantial impact. Immunization coverage rates of 59 percent in USAID-financed areas compare favorably to the national rate of 40 percent. Two thirds of pregnant women in USAID-financed program areas have a provider-assisted delivery compared to the national averages of 46 percent; 61 percent of mothers treat diarrhea with ORS, double the national average of 31 percent; and almost one in five infants is exclusively breastfed for six months, against a 3 percent average nationwide. Title II food aid resources have been integrated with a full package of health interventions at participating institutions, with a 30 percent decline in chronic malnutrition within one of three Cooperating Sponsor programs.

The Ministry of Public Health and Population (MSPP), in collaboration with health sector donors, is committed to addressing several topics of critical importance to service delivery and management including decentralization of services and decision-making; improved management of essential drugs, including contraceptives; Integrated Management of Childhood Illness (IMCI); and development of a national "master plan" for planned GOH and donor financing.

# 3. Critical Assumptions and Causal Relationships

Strong political will and leadership affirming and building national support for demographic priorities are essential to program success.

Communities and NGOs play a central role in influencing decision-making and policy at all levels and their participation is critical to successful interventions.

Increased use of reproductive health, child survival, and HIV/AIDS prevention services and behaviors will significantly contribute to achieving desired family size.

Improved education, economic opportunities and legal status of females are critical factors in the reproductive health of women and their partners.

Decentralizing service delivery and decision-making to the departmental and commune levels is the most appropriate means for addressing unmet demand.

Integrated programming of Title II food aid and health sector resources will improve child survival; improved child health will have a positive impact on fertility decisions.

An enabling environment for the private sector and private-public partnerships will result in increased availability of services and reduced public sector resource requirements.

Close coordination between the GOH, donors, the private sector and other implementing partners is essential to national-level impact.

Renewed economic growth in Haiti will be a key factor in reducing fertility and achieving desired family size; failure to get the economy moving will seriously restrict options for families and women in particular.

# 4. Commitment and Capacity of Development Partners

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Numerous bilateral and multilateral donors and NGOs actively support USAID's health sector priorities in Haiti. USAID is the principal donor in family planning, HIV/AIDS prevention and education, and plays a key role in child survival. Representatives of all donors meet with the MSPP on a monthly basis to coordinate activities, discuss sector issues and exchange information. Table 3 summarizes donor support for sector-related activities.

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Table 3

Donor Support for Health Sector Activities

1997- 1998 (millions) \$ (1.9)

AGENCY	Repro. Health	мсн	Health Institutions	Basic & Prim. Educ.	Women's Empower.	Food Aid
UNFPA	2.5	-	-	-	-	-
UNICEF	-	3.7	.5	1.1	1.9	-
WHO/PAHO	.7	.2	1.0	•	. •	-
Japan	*	•	-	*	-	
EU	1.0	4.5	2.0	*	-	9.2
IDB	*	••	10.0	15.0		5.0
Canada	. <b>-</b>	1.1	• -	-	-	5.
France	•	-	.4	.6	-	-
Germany	-	-	-	-	-	1.8
Netherlands	.63	•	-	-	-	•
Switzerland	•	-	-	.5	•	•
IBRD	5.0	2.8	2.2	2.0	-	•
UNDP	<del>-</del>	.1	-	.7	-	4.
UNHCR	-	-	-	•	3.8	-

<sup>\*</sup>Financing planned, levels unknown

The UNICEF Program focuses primarily on immunization support and integrated delivery of the minimum package of child survival interventions. PAHO's priorities include immunization support, management and distribution of essential drugs, and a safety net program for supplying essential drugs, supplies and equipment to health facilities following natural disasters or political crises. EU, IBRD and IDB assistance is heavily targeted to health system administration and development, including infrastructure rehabilitation, decentralized management and long-term technical assistance based at the Ministry of Health. The IBRD provides service delivery support including drugs and equipment. The EU, as well, provides assistance for potable water systems.

UNFPA, IBRD, PAHO and Dutch Cooperation support family planning activities, including contraceptives and social marketing. UNFPA's future financial support will be directed to clinical training, interventions targeted to youth, advocacy and policy. BID plans to program future financial support for reproductive health, although it is unlikely that this funding will be available prior to 1999. USAID collaborates closely with other donors to

selectively identify financing priorities and shortfalls and plans to actively lobby and leverage donor support and commitment for the priority activities identified under this strategy.

USAID presently finances 22 NGOs responsible for implementing RH and CS activities, all of which have been evaluated as capable of adhering to USAID financial management and reporting requirements; an additional 20 NGOs will receive financing to implement family planning activities in early CY 1998. The Title II food aid program is implemented by three Cooperating Sponsors: CARE, CRS and ADRA.

## 5. Illustrative Approaches

USAID's Strategic Objective "Achieve Desired Family Size" will focus on five Intermediate Results (IR).

IR1: Increased Use of Quality Child Survival and Nutrition Services: All USAID-financed child survival programs partners will be responsible for implementing a "minimum package" of priority child survival services that together will ensure maximum impact on the primary causes of infant and child mortality in Haiti: diarrheal disease, malnutrition, acute respiratory infection (ARI), vaccine-preventable childhood illness, low birthweight, and neonatal tetanus. This minimum package of interventions includes immunization, breastfeeding promotion, oral rehydration therapy (ORT), acute respiratory infection (ARI) treatment, and vitamin A supplementation. To further enhance the impact of these interventions, USAID has integrated its Title II maternal child health food aid programs with child survival programs. At participating sites, nutritional supplementation is provided to atrisk pregnant women and malnourished children age five and under. Program-supported interventions will focus on further expanding the number of sites offering Title II food aid supplementation, while improving the quality of services at existing sites. To improve the quality of services, USAID will support clinical training in case management and referral, and strengthening of management systems at fixed sites. Recognizing the critical role of the community in addressing the causes of childhood illness, resources will be directed to identifying and training community health workers and to giving the community a voice in health program decision-making through participation on the UCS advisory board.

IR2: Increased Use of Quality Reproductive Health Services (Reproductive Health services include family planning, pre- and post-natal care, HIV/STI prevention): Program activities will expand access to RH services by increasing the number of service delivery points offering reproductive health services and the range of services and family planning methods available at these points. To rapidly address Haiti's unmet demand for family planning services, USAID will provide increased support for non-fixed site delivery mechanisms, including community-based distribution and social marketing programs. In addition the SO will assess the potential for expanding access to reproductive health and child survival services through enterprise-based programs.

Continued demand for services is highly dependent on the quality of services provided. To improve quality of service delivery, the SO will finance staff training in communications and

technical skills, including national norms and standards for reproductive health and a standard package of BCC messages. Quality program management is equally important and activities under this IR will be directed to implementing or strengthening training, logistics, monitoring and evaluation, and supervision systems within participating partner programs. The MSPP has adopted a national health services management policy, dividing each of Haiti's departments into sub-units called UCS (Community Health Units). USAID will be responsible for ensuring that 20 UCS within 3 departments develop the basic services, referral systems and management systems to offer the full range of priority reproductive health and child survival services. Recognizing the role of the community in women's reproductive health choices, this IR will support formal recognition and participation of community health program representatives on each UCS advisory board.

IR 3: Improved Public Policy Environment for Reproductive Health and Child Survival Programs: USAID program support will include activities promoting increased high level political support and strengthened civil society advocacy for RP health issues, building on the Haiti Task Force "Call to Action." A group of Haitian Parliamentarians has recently signalled its interest in reproductive health issues and program resources will be directed to consolidating and directing this important decision-making support. In parallel to efforts supporting the designation of a high-level population official within the GOH, USAID will support development of an autonomous private sector population foundation with the capacity to analyze and project the implications of population growth for development planning, promote effective public sector policy and seek independent financing for its initiatives.

Activities under this IR will also support targeted assistance for important health sector policy initiatives adopted by the MSPP and jointly financed by the donor community: finalization, adoption and dissemination of reproductive health norms and standards; development and implementation of a standard package of Behavior Change Communication (BCC) messages by all implementing partners; and the development and launch of a national Health Information System. USAID will apply its comparative advantage in data for decision-making to strengthen both MOH and implementing partner capacity for collecting, analyzing and applying program data to plan and evaluate quality, decentralized programs.

IR4: Women Empowered to Make Reproductive Health Decisions. This IR will support interventions and activities promoting enhanced economic opportunities for women, better and longer education for girls, and improved status for women within Haitian society. Women invest a greater percentage of disposable income on the health of themselves and their families than do men, thus increasing economic opportunities for women is an investment in the health of those women and their children. Working closely with the Sustainable Increased Incomes for the Poor (SIIP) SO team, the SO will support training and development of income-producing skills. As well, the SO will establish linkages with existing SIIP programs to expand financial services for women and streamline the procedures to grant them loans. In addition, the SO will expand microenterprise and microcredit activities targeted to women within existing programs implemented by USAID's reproductive health and child survival program partners.

Educated women are more likely to delay childbearing, space or limit births, seek pre- and post-natal care, and seek or provide appropriate care for their infants and children. Working closely with the Improving Human Capacity SO, this IR will support interventions and activities designed to provide incentives for girls to enter school at the appropriate age and remain in school longer, and improve the quality of education provided. Activities under consideration include social awareness campaigns focussing on the importance of education for girls; incentives for families to invest in educating girls, including scholarships and integrated school feeding programs; and introducing material on RH and family life in school curricula.

Women's decisions regarding reproductive health and child survival are influenced by their status within the family and society. The SO will work primarily through programs funded by the Inclusive Democratic Governance (IDG) SO to support activities improving women's status at two intervention points: the individual and advocacy groups. For individual women, the SO will provide training in sexual negotiation skills and legal assistance targeted to sexual and domestic violence. At the organizational level, the SO will support women's advocacy groups to disseminate information, strengthening their capacity to engage decisionmakers; train health providers to recognize, treat and counsel victims; and promote community support groups for victims of domestic and sexual violence.

IR5: Youth Better Prepared for and Men More Engaged in Responsible Family Life: The reproductive health decisions of youth and men are of critical importance to reducing fertility and HIV transmission. Fully 50 percent of Haiti's population is age 15 and under and the attitudes and practices of this group has serious long-term implications for the health of the nation. Men's health decisions influence those of their partners as well. The SO will focus on developing RH and HIV/STI prevention services and information adapted to the needs of young people and couples. Activities will include direct services and counseling in RH and HIV/STI and communications programs targeted to youth, including identification and dissemination of high-impact messages through the most appropriate channels. The SO will promote youth-to-youth communications programs and will involve parents and community leaders in program interventions through outreach programs. The program will also promote increased male participation and involvement in RH health programs and improved male attitudes towards women and family responsibilities. The SO will support development of RP health program interventions and messages designed to inform, attract and influence males. The SO will give special attention to BCC messages reinforcing awareness of children as the joint responsibility of couples.

# 6. Sustainability

and the state of t USAID, its partners and the MSPP have taken a number of actions designed to promote RH and CS program sustainability. The MSPP has developed a strong health sector policy framework for national program implementation, including national strategic plans for reproductive health, AIDS prevention, child survival and Information, Education and Communication. The GOH's operational health sector policies, including decentralization, its efforts to ensure a dependable supply of essential drugs, its leadership in development of

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five-year strategies for family planning and HIV/AIDS prevention, and national level coordination of donor inputs are strong factors supporting long-term sustainability. In addition, the development of policies, norms and standards, and implementation of a national health management system for private and public programs are critical to the sustainability of a program jointly implemented by the public and private sectors and financed by multiple donors.

The MSPP, as well, is actively developing and implementing a national-level RH and CS management information system, and developing and disseminating a standard BCC package, and plans to adopt the Integrated Management of Childhood Illness (IMCI) approach to identification and treatment of childhood illness. At the SO level, USAID is promoting sustainability through introduction of a standardized "minimum package" of priority CS interventions, support to organize and decentralize health sector services in 20 Community Health Units (UCS) located in three departments, and application of nationally-approved norms and standards for Reproductive Health at all program-financed sites.

Haiti's health sector program is characterized by strong donor coordination. Donors meet monthly at a meeting chaired by the MSPP to coordinate inputs, minimize duplication, resolve implementation gaps and discuss technical issues. Most health sector activities involve joint donor financing, described earlier, and there is a high degree of collaboration and coordination to ensure that financing decisions reflect each individual donors' management and technical comparative advantage.

Haiti has a strong cadre of health sector professionals, many trained during the 1980's, who are providing strong leadership in both the public and private sectors. There is a substantial and growing number of local NGOs capable of effectively implementing service delivery programs and USAID presently finances activities through approximately 40 of these organizations. The USAID health sector program is designed to provide additional systems strengthening for these NGOs in program and budget management and technical skills during the course of activity implementation.

One of the activities planned under this SO, in collaboration with UNFPA, is the development of a private sector foundation for population. Drawing on the skills of private and public sector experts and building on the growing interest of parliamentarians and the ad hoc task force for Population for reproductive health program advocacy and policy efforts to date, the foundation will serve as a policy "think-tank" and the focal point for future advocacy efforts, including seeking outside sources of private funding for program-related efforts. The foundation will forge a strong public-private partnership for addressing reproductive health needs and issues, further promoting program sustainability.

This SO reflects the full participation of USAID's implementing partners, thus building ownership for planned activities and promoting commitment to achieving planned results. While financial sustainability of public and NGO services remains a distant goal, the civil society and policy environment interventions planned under this SO will encourage the longer-term sustainability of the full range of health services.

## 7. Expected Results and Impact

Strategic Objective level (Achieve Desired Family Size) Indicators and Targets (year 2004):

- Total Fertility Rate decreases from 4.8 to 4.0
- Child Mortality Rate decreases from 131/1000 to 112/1000
- Prevalence of Malnutrition in Children under age 5 decreases from 27 percent to 20 percent in program-supported areas

Intermediate Results level Indicators and Targets:

**IR1:** Increased Use of Quality CS and nutrition services (indicators/targets for USAID-supported programs):

- Percentage of children 12-23 months of age immunized against measles: Targets (baseline 1996 59%); 1999-68%; 2000-71%; 2001-74%; 2002-77%; 2003-80%; 2004-83%
- Percentage of children receiving two vitamin A capsules per year: Targets (baseline 1996-37%; 1999-42%; 2000-47%; 2001-52%; 2002-57%; 2003-62%; 2004-67%
- % of women using ORT to treat diarrhea: Targets (baseline 1996-57%); 1999-63%; 2000-66%; 2001-69%; 2002-72%; 2003-75%; 2004-78%
- number of child survival sites with integrated nutritional supplementation (baseline 1997-61); 1999-78; 2000-107; 2001-123; 2002-130; 2003-140; 2004-150

## IR 2: Increased Use of Quality RH Services

- Couple Years of Protection at USAID-financed sites Targets:
  - Fixed-site program (baseline 1997-76,000), 1999-213,000; 2000-240,000; 2001-276,000; 2002-324,00; 2003-390,000; 2004-472,000
  - Social marketing program (baseline 1997 70,000); 1999-93,000; 2000-111,000; 2001-128,000; 2002-148,000; 2003-171,000; 2004-197,000
- Contraceptive Prevalence Rate for modern methods at USAID-financed sites
  Targets (baseline 1997 17%); 1999-23%; 2000-26%; 2001-29%; 2002-32%; 200335%; 2004-38%
- ~ % of sites offering 4 or more modern methods of contraception: Targets (baseline 1997-29%); 1999-40%; 2000-50%; 2001-60%; 2002-70%; 2003-80%; 2004-90%
  - Number of program-supported UCS offering the full range of family planning, maternity and STI services: Targets (baseline 1997 0); 1999-3; 2000-6; 2001-9; 2002-13; 2003-17; 2004-20
  - Strategy for community participation in UCS developed and implemented: Target Year 2000

# IR 3: Improved public policy environment for Reproductive Health and Child Survival

- "Call to Action" finalized and employed to leverage increased donor support (Year 1 target)
- National RH norms and standards developed, approved and disseminated (Year 2 target)
- Designation of Population-dedicated official within GOH (Year 2 target)
- Advocacy group coalition action plan to lobby Parliament on RH and CS issues (Year 2 target)
- Autonomous private sector population foundation in operation (Year 5 target)

  Additional targets TBD for years 3-5 based on identified opportunities and constraints

# IR4: Women Empowered To Make Reproductive Health Decisions

- % of girls completing primary school (baseline and targets TBD)
- % women in target area with access to credit (baseline and targets TBD)
- number of women's groups receiving advocacy support (Baseline TBD); targets (cumulative): 1999-3; 2000-6; 2001-8; 2002-12; 2003-14; 2004-15

# IR 5: Youth Better Prepared for and Men More Engaged in Responsible Family Life

- Safer Sex Composite in youth program target areas (Baseline 1998 TBD); targets TBD
  - (Proportion of the population age 15-24 reporting abstinence from sex over the previous 12 months or a single sex partner in the previous 12 months or consistent condom use with all sex partners in the last three months)
- number of new family planning clients age 15-24 (by sex) served by youth program (Baseline 1997 11,000); targets: 1999-25,000; 2000-30,000; 2001-35,000; 2002-45,000; 2003-60,000; 2004-86,000
- information campaigns targeted to youth through youth-appropriate channels (Target: 1 campaign/message annually)
- number of male family planning clients (baseline 1997-18,607); targets: 1999-41,300; 2000-43,100; 2001-44,100; 2002-45,100; 2003-46,400; 2004-47,500
- number of condoms sold in millions (baseline 1997-7.5); 1999-9.3; 2000-10.3; 2001-11.3; 2002-12.4; 2003-13.5; 2004-14.6
- communications package for males developed (Year 2 target)

Performance will be monitored through service statistics routinely reported by Contractors and grantees; periodic surveys conducted by USAID and other donors, including the Demographic and Health Survey (DHS); and studies and surveys implemented during the course of program implementation including studies of knowledge, attitudes and practices and program quality.

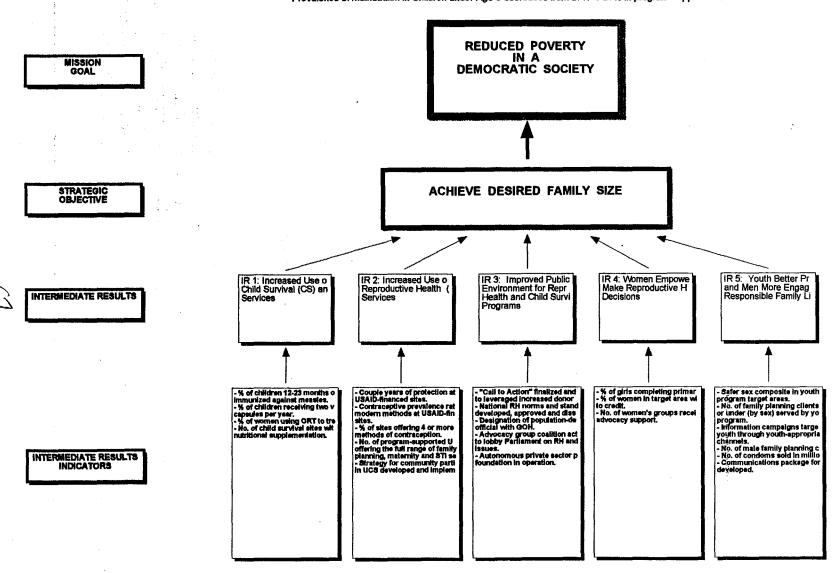
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# SO: ACHIEVE DESIRED FAMILY SIZE

Indicators for the SO: -Total Fertility Rate decreases from 4.8 to 4.0.

- Child Mortality Rate decreases from 131/1000 to 112/1000.
- Prevalence of Malnutrition in Children under Age 5 decreases from 27% to 20% in program-supported areas.



# D. Increased Human Capacity

1. Statement of Strategic Objective: The development of human capacity is a necessary condition for poverty reduction as well as the success of USAID's other strategic objectives in Haiti. For example, most Haitians are not yet sufficiently skilled to take advantage of greater economic opportunities, even if more jobs are created and the population stabilizes. A participatory democracy may be impossible if Haitians have limited access to information. Few Haitians will leave poverty behind them without developing their skills. To address poverty through increased human capacity, this SO will focus on basic educationan investment in the future workforce—while simultaneously improving the training of the current workforce to meet business needs. Finally, to enable Haitians to continue to expand their abilities throughout their lives, they will need to learn and re-learn. This SO will open up access to media that can provide such opportunities to them.

The elaboration of this SO has been undertaken in consultation with a variety of partners. At a recent USAID forum with education stakeholders in Haiti, participants were ask to agree on critical elements for developing human capacity to take advantage of economic opportunity. The group cited a eleven factors, some of which were anticipated. For example, literacy, critical thinking, technical capacity, and capacity to learn new things were highly ranked. Other elements cited were less predictable, such as, hope for employment, motivation for professional improvement, access to information, positive attitudes and values, capacity to create and seize opportunities, the ability to 'act' with others, and good health, capacity to learn new skills, access to information, and motivation for professional improvement. These last factors, in particular, changed and redirected the development of our SO. Since that meeting, USAID has distilled the critical factors down to four Intermediate Results:

- IR1 Improved Quality in Primary Education
- IR2 Provision of Educational Opportunities for Vulnerable School-Age Children
- IR3 Improved Access to Quality Market-Oriented Technical Training
- IR4 Improved Access to Information Technology

## 2. Problem Analysis

Although reliable data are scarce in Haiti, the best available statistics on human resources capacity sketch a bleak situation: only 35 percent of adults are literate, about 80 percent of the rural population lives below the poverty line, and more than 70 percent of the people are underemployed. To improve these statistics, USAID will improve the quality of primary education. We will support equipping young people to move out of poverty. Primary education is the scaffolding on which other education rest; even for those who do not go on to other schooling, primary education should be the place where children "learn to learn," arguably today's most valuable skill for these technological times.

Support for quality primary education arises from the fact that primary school graduates in Haiti are already better off than the unschooled. They tend to be more productive and have smaller families. For example, farmers with primary education are 14 percent more productive than less educated farmers, an effect that does not appear to increase substantially with additional education. Women who have graduated from primary school have smaller families; a recent survey found that primary school was associated with a reduction of 1.3 in the Total Fertility Rate (TFR) from 6.1 to 4.6 children. Thus it is likely that other USAID strategic objectives—notably income growth and population stability—can be furthered if primary schools do a better job educating pupils.

Yet another reason for supporting primary education is that Haitians obviously want it. Every school day, commuter traffic in Port-au-Prince is brought to its knees, crawling through the streets, while half the population leaves its children off at school and the other immobilized half watches. Haitian commitment to schooling dates back to the first Constitution in 1805 when free, compulsory education was endorsed. Nearly 200 years later, the government has not been able to realize this objective. Nevertheless, great amounts of time, money and effort are currently devoted to children's education; in 1994 an estimated 12 percent of GDP was spent on education, with families directly contributing six times as much as the government to this expense. The family contribution is so high because most children go to private schools. The average Haitian private school was estimated to cost Haitian \$134 per child per year, or almost 9 percent of household income (1995 CARE survey). Nearly 80 percent of primary schools are currently private because the government has not been able to meet local demand.

But despite the money being spent and the zeal for education, many schools are not educating children well. Two out of three entrants will drop out before completion; more than half of those remaining will repeat at least one grade before they pass the sixth year exam. Repetition in the early grades averages around 20 percent and most children drop out after 3 years of schooling. Facts like these signal a major quality problem.

The very best and the very worst of schools are private. The former cater to prosperous Haitians, while the latter are referred to as "borlette" schools--lottery schools where completing primary school is about as likely as holding a winning ticket. Public schools can be found between these two extremes -- better but not always much cheaper than the "borlette" schools<sup>5</sup>. In fact, all but the very top schools are really lotteries. Poor quality teaching and class room conditions are present throughout Haiti...

In the private sector, which comprises 76 percent of primary schools, 67 percent of the teachers have less than the two years of secondary school and almost none come from normal schools (teacher training colleges). Recent teacher aptitude tests, in this sector, showed that most teachers had difficulty with fourth grade math and that they couldn't read

<sup>&</sup>lt;sup>5</sup>Public school directors request payments from parents when they do not receive salary payments from the Ministry of Education. This can raise the cost to something similar to the private schools.

or write French adequately, even though the curriculum and upper primary classes are in this language. Even in the public sector, 34 percent of the teachers have no qualifications to be teachers. With teachers as poorly prepared as this, the statistics are not surprising.

Resources are being ill-used in the primary sector: wastage<sup>6</sup> is very high in many schools, squandering parents' school payments, government revenue, children's opportunity costs and teachers' efforts. It takes approximately 16 pupil years (rather than the intended 6 years) for the system to produce one primary school graduate. This meager harvest is obtained at an undetermined cost in repetition and unproductive expenditures. Quality has been selected as this strategic objective's first intermediate result to address the poor capabilities of teachers and dearth of materials which contribute to these high repetition and dropout statistics. Through quality improvements, access and efficiency will be also improved. With better education, repetition will decrease so that classes can accommodate more non-repeaters. This will also reduced the number of over-age children in each class so teachers can do a better job of instruction. While improved classroom quality will not eliminate all dropout, it should encourage a higher percent of children to complete the primary cycle and thus give parents a higher return on their investments.

The second intermediate result will be the provision of educational opportunities for vulnerable groups, such as the poorest children, including orphans. Many Haitians do not have enough money to send their children to school. To increase the chances that children of the poorest families will attend, the school feeding program is being expanded. By providing one meal a day for students, this program attracts children who would otherwise not attend school and helps keep them enrolled. It allows some poor parents to budget for school fees because their food expenditures are reduced.

The program also has a favorable impact on primary school learning, especially within this disadvantaged group. Nutritional deficits may lead to a lack of concentration at school, interrupted attendance due to sickness and learning difficulties. Moreover, micronutrient deficient children<sup>7</sup> are more likely to repeat their [school] year than the average pupil, adding further to overall system costs. In addition to these attendance and nutritional benefits, the school feeding program will also encourage PTA advocacy for better school management and quality.

To support disadvantaged children, USAID will also offer a small grants program to orphanages<sup>8</sup> that want to improve the education and training of their children. In most Haitian orphanages, children are not receiving much education. Small grants can be used to

<sup>&</sup>lt;sup>6</sup>By wastage, this reference means pupil dropout and repetition.

<sup>&</sup>lt;sup>7</sup>Recent studies in Ghana show that the de-worming program that accompanies school feeding affects school achievement positively, and that the improvement is twice as strong for girls as for boys. While undocumented, the same benefits may arise from school feeding in Haiti.

<sup>&</sup>lt;sup>8</sup>Ninety eight orphanages are also benefitting from school feeding.

enrich the capabilities of orphans. They will also make a difference in the capacity of orphans to take advantage of opportunities. This program will be the beginning of a longer term effort to coordinate and organize orphanages as advocacy groups that can generate and deploy resources more equitably among these institutions.

If resources permit, USAID will work for a third intermediate result of access to quality market-oriented technical training. While essential in the long run, primary school interventions will not immediately impact the Haitian job market where there is a disconnect between employers' needs and the labor market. Rather than "second guess" market demand, USAID will support the development of labor market assessment capability. If USAID activities encourage the latter to track the employment success of their graduates, to adjust their curriculum to the job market, and to maintain close links with employers' associations, this will be the most effective way of enhancing skills to meet demands.

A market-driven approach to training will potentially be trailed this year when and if USAID supports the re-tooling of 2500 ex-civil servants. Those who wish to profit from the training will be given vouchers that can be used at approved training schools. Approval will be based upon the financial soundness of the training school and its willingness and ability to track the employment success (including self-employment) of its graduates. These results will be collected and publicized to encourage those training programs and types of training that meet labor market demands. The re-training of the civil servants will serve as a pilot for the workforce development project that will follow it, if resources permit.

A fourth intermediate result of greater access to information will reduce barriers to communication. Lack of information in Haiti affects the poverty level throughout the country. Despite Haiti's small size, its rugged topography isolates rural people. For example, the entire population of approximately 8 million is served by only 60,000 telephones. A more available, transparent, and reliable information flow will be brought about by internet access in selected institutions (with a focus on secondary cities), rural radio and even cellular telephones in remote areas. At present it is next to impossible for villagers to obtain information on markets or events in country or overseas. Improved access to information should promote higher incomes and a more informed citizenry.

In sum, the IHC strategic objective aims to position Haitians so they can take advantage of economic opportunities. Better quality education in the primary schools is a basis for the future. This is especial true given our special attention to vulnerable groups of school-age children. In addition, the IHC SO team proposes to support market-driven training to boast employment right away. To complete the spectrum of Activities which assist people to take advantage of economic opportunities as well as continued learning, IHC will support new sources of information and expand the scope of existing media.

Certain IHC activities will work in tandem with other USAID strategic objectives. For example, quality education will affect girls' education, a important component to achieve desired family size. The development of school support groups will contribute to civil

society advocacy. Workforce training will help increase incomes, and the expansion of access to information will strengthen both democratic governance and economic growth in Haiti.

# **Program Accomplishments to Date**

USAID has been working to improve primary education since 1986. USAID's primary education program, Incentives to Improve Basic Education (IIBE) Project, has worked predominantly with the private school system to increase children's access to a higher quality and better managed elementary education. The program has focused on policy dialogue and educational policy reform; institutional development, teacher diagnostics and training; and research. IIBE also pioneered interactive radio instruction for math and reading; the radio pilot was evaluated favorably and will expand further under the ED 2004 project that began in September 1997.

USAID has supported private schools through a Cooperative Agreement with the Haitian Foundation for Private Education (FONHEP), a local NGO established by Catholic and Protestant school sectors. About half of all independent private schools, the fastest growing education sub-sector, have recently been incorporated into FONHEP. Currently more than 6,700 of Haiti's schools are organized under the FONHEP umbrella.

Through IIBE, USAID has supported improvements in the public education sector. Over the past several years, USAID has funded the Ministry's efforts to develop a National Education Plan (NEP) for improving education in Haiti. An important component of this support was technical assistance to the Ministry of Education to help develop the NEP. In close collaboration with the MOE, IIBE invited Haitian educators to discuss and provide inputs to the NEP at a series of regional conferences. In 1996 a full census was done of public primary schools.

Under Education 2004, a recently launched \$20 million education package, USAID continues support for both public and private schools. Through a combination of training and materials, quality school networks will be put in place to ensure adequate learning for network pupils. In addition, Education 2004 will underwrite from five to ten regional fora on national education policy issues, with debate led by the Ministry of Education. The NEP will continue to have some USAID support for the five years of the Education 2004 project.

# 4. Critical Assumptions and Causal Relationships

- that better classroom learning will reduce repetition and dropout in primary school, and encourage completion
- that teacher and director training, classroom materials, learner-centered teaching, and interactive radio instruction will improve classroom learning
- that encouraging pupil team work will eventually improve conflict resolution in the wider society

- that feeding school children will improve attendance and performance while reducing school drop out
- that school feeding programs can leverage improved primary school quality
- that educational opportunities for orphans will help reduce poverty
- that stronger links between training institutions and employers will reduce unemployment
- that training providers will be able to track the employment success of their graduates, and respond to market changes
- that access to information about economic opportunities will increase opportunities to increase incomes
- that availability of/access to internet and cellular phone service for a reasonable price will increase demand for them.

# 5. Commitment and Capacity of Development Partners

There are many types of donors working in the education sector. Most seem to be doing outstanding work but donor coordination is apparently just beginning. UNESCO is the lead donor in education and plans are already in place to begin regular donor meetings.

# Table 4 Donor Support for Human Capacity Development 1997-1998 (in US\$ millions)

Agency & Donor	Radio Education/ Distance Education	Teacher/ Director Training	Teaching Materials	School Feeding	Market Driven Training	Internet Access	TOTAL*
IBRD	una .	<b>√</b>	√				1.00
I.D.B		√	√		√		29.10
UNESCO	√	√	√	√	√	-	0.35**
UNICEF	√	√	√		√	•••	**
UNDP	•••		 	0.9			0.63
ЛСА	<b>√</b>	·		3.0			
E.U.				2.3			
French Coopera.	√	√	√		√		2.23
CIDA		√	√	2.0			1.40
Spanish Consulate		√			-	·	
Others*							

<sup>\*</sup> Total does not include school feeding programs.

Figures from this report are taken from the IBRD "Haiti: External Financing, Indicative Commitments, Disbursements and Projections - Dec. 1997"

Legends

 $\sqrt{\ }$  = active in this area --- = not active in area Blank spaces = to be determined

<sup>\*\*</sup>Total amount for UNESCO and UNICEF.

# 6. Illustrative Approaches

USAID/ Haiti will be "Improving Human Capacity" through 4 Intermediate Results (IR):

IR1- Improved Quality in Primary Education: Program activities will aim to improve the learning, teaching and management of both private and public primary schools through quality networks for 1,000 schools. Better learning and teaching will be promoted by interactive radio instruction and the distribution of teaching materials. Teachers will be trained in pedagogy and subject matter, with special attention being given to gender equity, classroom teamwork and learner-centered instruction. School directors will be instructed in school and staff management. School support groups (PTAs) will be encouraged to seek the best quality possible in their schools and to act as advocates for improvements. School feeding programs, which benefit parents indirectly, will also leverage school quality improvements sought in this results package.

With the Ministry of Education taking the lead, ED 2004 will assist with several policy dialogue workshops or fora, pertinent to the National Education Plan, that will involve major stakeholders in the education sector. Topics that may be addressed include private school accreditation, curriculum relevance, educational financing, and language of instruction.

# IR2 - Provision of Educational Opportunities for Vulnerable School-Age Children

To bolster the attendance, educational attainment, and well-being of school children from poor families, this IR will provide school feeding programs for all schools in the quality networks. As noted earlier this is expected to draw more poor children into school and to keep them there. It will also benefit orphans, who are among the most impoverished children in the country. Special funds, accessible through small grants applications, will be available for orphanages that improve educational opportunities for their charges. These grants will be administered by a newly formed umbrella NGO to coordinate aid to the many orphanages in Haiti.

# IR3 - Improved Access to Quality Market-Oriented Technical Training

This IR will strengthen the link between private training programs and the employment market to match training and employment needs. Training providers that can track the success of their trainees and thus assess and plan for growing market needs will be ready to adjust their programs to labor market changes. USAID support will strengthen the capability of these programs to monitor and analyze the employment records of their graduates. Funding will also be provided to help schools repackage their curriculum based on their findings. Finally, they will also be trained and encouraged to advertise/market their success to draw in more trainees and income. The incentive for providers to do this will be the potential of expanding enrollment in their programs because of their ability to provide training in the everchanging skills that employers seek.

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# IR4 - Improved Access to Information Technology

Information flow is currently one of the largest obstacles to economic development in Haiti. But the "Information Revolution" makes it possible to skirt many of the infrastructure problems--lack of cables and wires-- which used to isolate rural Haitians from economic and political information and the opportunities they facilitate. Under this IR, USAID will support the expanded use of internet in institutions in High Potential Zones (secondary cities) that can serve as learning centers for poorer Haitians. This expansion will be possible if an initiative similar to Leland can be introduced in Haiti. By subsidizing satellite connections and insuring private providers, USAID can insure that internet service expands while remaining at a sustainable reasonable cost. Expansion of cellular phone service will also play a crucial role in the spread of information into and between secondary cities and more populated rural areas. Finally, on the "low tech"side, groupes d'ecoute or listening groups will be formed among school support groups to discuss radio programs of common interest: health, politics, school management, microcredit possibilities, culture, etc. All of these media will provide Haitians with better chances to develop their skills to meet economic opportunities.

# 7. Achieving Program Sustainability

The sustainability of the IHC strategy hinges on its ability to reward demand with resources in such a way that demand will expand sufficiently to support continuity of improved services after USAID funding stops. This applies to IRs 1,3, and 4. For example, in IR 4: Improved Access to Information Technology, the demand for connectivity already exists. Téléco has a backlog of 250,000 requests for telephone lines, and bandit Internet connections, tapping on satellites abandoned by the US Marines, are springing up in factory backyards. It is hoped that privatization will satisfy this Téléco backlog. And, if precedents with the Leland Initiative in Africa work for Haiti, IHC's support for private Haitian providers to supply Internet connections at reasonable rates should increase current interest, thus expanding Internet usage quickly in urban parts of Haiti. As USAID support to Internet gradually shrinks, market forces should sustain the private sector providers at a continuing affordable rate.

A similar kind of process will support the sustainability of workforce development. For example, one of the outstanding middle management training institutes in Haiti has recently been overwhelmed with requests for its graduates; the national police are competing with insurance, banking and the assembly sector to employ them. Under the workforce development plan, institutes like this one will strengthen links with the private sector to anticipate and meet such demand more readily. Less successful training institutions may be funded to do the same type of monitoring and then changing their curriculum to increase their graduates' employment rate. However, it needs to be clear that the IHC SO is not funding a particular linkage, or training package. What is being funded is a process rather than a result, a process of continuously re-tooling curricula and training to meet employers' interests. Again, as with the IR dealing with information technology, this IR should be self-sustaining if the process is established, strengthened, and eventually rewarded for success...

The situation for IR 1: Improved Quality in Primary Schools is a bit different from the two just mentioned. In the case of primary schools, the demand is very strong and being answered--but with variable quality. The number and size of private schools are growing very rapidly in response to this demand, but the calibre varies extremely. As said, some such schools are very good, others are really microenterprises to make quick money for little effort. But the "customers"--in this case the pupils and their parents--are voting with their feet: two out of three children are walking out of school before they are fully literate.

What is needed in this last case is a public-private partnership to improve, monitor and sustain quality in private as well as public schools. The National Education Plan (NEP) has this intention and USAID's ED 2004 will support this. A major focus of the NEP is to improve the capacity of teachers through in-service training. To do this, the MOE has plans to establish at least one EFACAP school in each of Haiti's 133 communes. These lab/teacher training schools will work with 15 to 20 surrounding schools to strengthen teachers and bring about more learning in the classroom; some of them will be supported by USAID, others by other donors. As in ED 2004's smaller school quality networks noted earlier, each EFACAP network can include private as well as public schools among the beneficiaries if they meet basic MOE criteria. This cooperative effort to improve the quality of all schools is a first step in bridging the gap between the public and private education sectors.

Primary education will remain predominantly private in the near future; this is why the bulk of USAID funding will continue to support these schools. In fact, USAID remains the only major donor assisting these schools which comprise three quarters of the total number. But at this juncture, it is important that their quality be monitored by the MOE and FONHEP. National policy dialogue on the issue of school quality standards and accreditation, also to be funded by ED 2004, will take place during the coming year. Once a clear set of criteria is adopted, the MOE and FONHEP can work in tandem to exhort that the standards be met and sustained.

## 8. Expected Results and Impact

Indicators for SO: Increased Human Capacity

Indicator: Percentage of school children completing primary school, desegregated by gender.

Measurement tool: pass rate on the CEP (the primary school leaving examination).

Baseline: 30% Target: 40%

Indicator: Percentage of the population that has access to information technology

Baseline: TBD in Year 1

Target: TBD

IR 1 - Improved Quality in Primary Education

Indicator: Percent of pupils achieving performance norms in math and language,

desegregated by gender Baseline: TBD in Year 1

Target: \*% improvement on test scores in grade 6 TBD

Indicator: Reduced drop-out and repetition rates, desegregated by gender

Baseline: TBD

Target: Decrease of 7% in dropout rate in grade 4

Decrease of 10% in dropout rate of girls in grade 4

Decrease of 7% in repetition rate in grade 4

# IR 2 - Provision of Educational Opportunities for Vulnerable School-Age Children

Indicator: Percentage of school children being fed

Baseline: TBD

Target: TBD

Indicator: Percentage of orphanages offering new educational enrichment benefits to their

charges

Baseline: TBD Target: TBD

# IR 3 - Improved access to high quality, market-oriented technical training

Indicator: Percent of graduates from workforce training programs who find appropriate

employment

Baseline: TBD in Year 1

Target: TBD

# IR 4 - Improved access to information technology

r garga, jer eng negt i nasyon

Indicator: Percent of selected groups (NGOs, learning centers, private sector organizations)

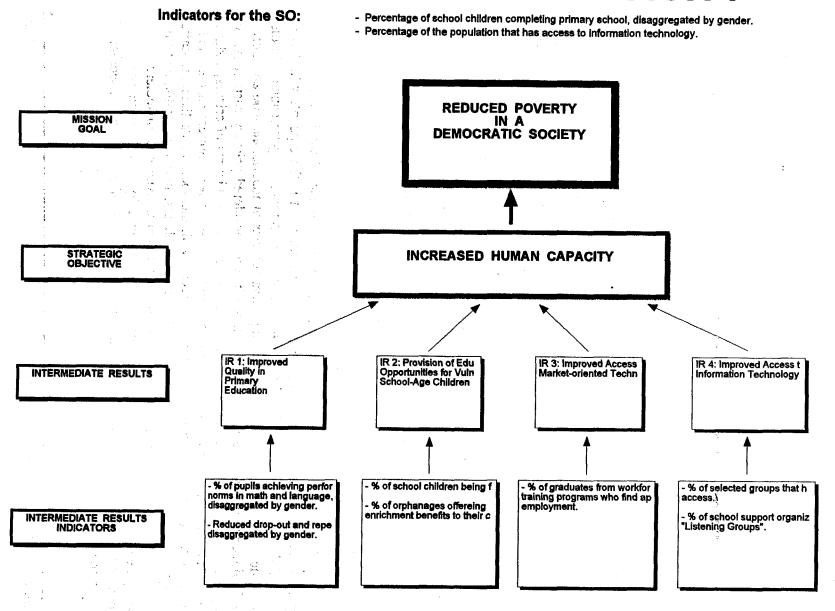
that have internet access

Baseline: TBD
Target: TBD

Indicator: Percent of school support organizations using "Listening Groups"

Baseline: 0 Target: 500

# SO: INCREASED HUMAN CAPACITY



# E. More Genuinely Inclusive Democratic Governance Attained

1. Statement of Strategic Objective: More Genuinely Inclusive Democratic Governance Attained.

Actions under this Strategic Objective aim to increase Haitian citizens' participation in governance at all levels: elections, justice, national and local government and civil society. USAID will work with institutions, such as parliament and the courts, to increase their ability to respond to citizens' needs, and with communities to improve citizens' ability to understand, organize and advocate their political views.

Haiti is at a crossroads in its democratic development. The history of US involvement in Haiti calls for our continued support to this country's developing democratic institutions. Customers' expressed priorities also justify USAID's strategic focus on governance: Intensive discussions with Haitians of all ranks revealed a universal demand for more responsive and competent governance with an electorate capable of holding its representatives to account.

An equally compelling basis for this SO is the link between good governance and the reduction of poverty through economic expansion. At the most practical level, both foreign investors and local entrepreneurs require a functioning justice system which protects property, promotes trade and provides a stable platform for commercial life. An empowered and informed population also helps to create the atmosphere for a flourishing economy by demanding that fair and consistent adjudication replace corrupt, arbitrary decision-making. More generally, an empowered population has the ability to voice its concerns and economic needs and to hold its officials accountable, increasing the possibility that development will be representative and transparent. Thus, an inclusive democracy promises better lives in both the political and the economic realms.

### 2. Problem Analysis

Each of Haiti's citizens should benefit from achievement of our Strategic Objective, and is therefore considered our ultimate customer. It is these people who have identified their top priority need — for genuine inclusion in democratic governance. At the same time, we acknowledge that there are important sub-sets of individuals who are more closely linked to USAID's activities, and as a result, are considered primary customers. In the justice area, these include parties to criminal and civil cases, victims of crimes, judges, prosecutors, and court clerks. In elections, this includes candidates, political parties, and voters. In the governance area, we work most directly with members of Parliament, staffers, and support personnel, mayors and other locally-elected officials, municipal staffs, and the regional and national associations of local government officials. And in civil society development, our customers are popular organizations, community groups, business associations, non-governmental organizations, and the poor and/or disadvantaged sectors of Haitian society (e.g. women.)

Another group deserving attention is Haiti's traditional and emerging middle class. This group, which may constitute approximately 10% of the population, consists of business owners, technocrats, professionals, and some of the intelligentsia. While not homogeneous, this group shares certain basic concerns among which are a desire for law and order, transparency especially in commercial dealings, predictability; a desire for clear rules of the game; commitment to economic growth, and unease about how the political future is likely to affect them. As is true in many cases in Haiti, there are few cross-cutting strands connecting this group to other socio-economic groups and identifying common interests or concerns.

To learn more about our customer's needs, in the widest sense possible, during the last year, the JDG office has carried out surveys and assessments culminating in the rapid rural appraisal mentioned above. These documents have helped us to prepare a general profile of our customers, and some of these findings are mentioned below. (The documents are included in the Appendix).

As testimony to the challenges USAID faces:

- 69% believe that public officials don't care about them
- Only 19% believe that the judiciary protects human rights
- 60% believe that their local government leaders are almost never responsive to their needs
- 73% believe that the public services in their community are poor

Yet a basis for democratic growth exists:

- More than two-thirds believe voting is a potentially powerful instrument for influencing the direction of the state
- 82% believe that by organizing into groups they can have a voice in how their government operates
- About half have confidence in the political system, with support lower in Port au Prince and isolated rural areas than in the rest of the countryside
- People are fairly confident in the newly trained police, although this is lower in Port au Prince than in rural areas
- 68% feel that the justice system treats them "well"or "very well
- Over 81% are registered to vote
- About 40% have attended political rallies or meetings at least once
- 40% belong to religious groups; and 33 percent belong to more than one group

### 3. Problem Analysis

This decade has seen democracy's birth in Haiti. Yet, after more than 200 years of dictatorship and tyranny, it is to be expected that the new state has not found its equilibrium in only its first four years of democracy. The forms of representative government exist but stalemate between the parliament and the presidency as well as internal party struggles hamper forward movement. A civilian police force has been established but allegations of

misconduct, abuse and corruption continue to mar its performance. Of even higher concern is the apparent inability of the present justice system to bring cases of police misconduct to trial.

After an exciting high of 70 percent voter turnout to elect President Aristide in 1990, there was a drop to 50 percent in June 1995 for legislative and local elections, to 30 percent in December 1995 for new Presidential elections, and finally to an alarming estimate of less than 5 percent in April 1997 for parliament and local government.

The manifest loss of confidence in democracy, dramatically demonstrated by these latest election statistics, is the most concrete indicator of the need for a new strategy in the area of governance and democracy. To further inform itself the JDG Office (justice, democracy and governance) funded a series of assessments and surveys, culminating in a rapid rural appraisal throughout Haiti to determine what our customers thought were the most serious problems they faced in the governance and democracy arena. They identified the major problems as (1) widespread disillusionment with democracy and democratic processes, (2) elected officials' failure to represent the views and serve the needs of the people, and (3) a general perception that justice is corrupt.

<u>Perceived Failure of Democratic Processes:</u> Disillusionment with democratic processes is most dramatically shown through the drop in election participation described above. Political parties are not functioning to represent real interest groups or offer meaningful choices. Indeed, they are seen to be interested only in the race for power, seeming to forget election promises once elected. This focus on power to the exclusion of performance is exemplified in the unedifying spectacle offered by the present government which has, for eight months, left the country without a prime minister and cabinet because of disputes over the April election results.

Throughout the country, people expressed a strong feeling of being manipulated by the electoral process as candidates sought office for personal power rather than for common goals. More alarmingly, there was significant testimony to coercion during the runup to the elections. Resentment and even fear caused by real or perceived abuse were clearly reflected in the low voter turnout in April 1997.

Additionally, confusion dogs the whole democratic process, as citizens struggle to reach consensus on the rules of the game. There is widespread disagreement on how to form a Permanent Elections Council (CEP) given that the mechanism intended to nominate members has not yet come fully into existence; the fact that elections, most notably the last one in April, were not seen as free and fair calls the legitimacy of elected officials into doubt; there are questions about the length of term officials should serve, confused by too many elections, often delayed beyond their original dates; finally the constitutionally mandated decentralization process has not yet had enabling legislature passed to define it into action.

Parliament, the one institution which has the potential to be genuinely representative, has yet to earn the support of the populace. The problems stem from poor communication

and poor organization. There is insufficient interaction between citizens and members of the two chambers of Parliament. Our earlier Democracy Sector Assessment noted that "The Haitian Parliament's organizational ineffectiveness inhibits effective representation in a variety of ways and poses a long-term threat to the legitimacy of the institution".

Leaders' Decisions Are Not Considered Representative: Haitians overwhelmingly believe they are under-represented and largely excluded from this new democracy. In part, the problem is the lack, cited above, of communication between officials and their constituents. A more concrete source of malaise lies in the failure of local governments to deliver services. The country has no coherent framework for implementing the decentralization envisaged in the 1987 Constitution. Despite some loosening of centralized purse strings, few municipalities can count on the financial support they should expect from Port-au-Prince with the result that mayors lack the resources to respond to citizens' needs. The newest local authorities, created by the 1987 constitution, lack not only material resources but training in the basic elements of their responsibilities.

The other side of the coin is the incapacity of the populace to exercise their oversight function and make their needs heard through effective advocacy. In a country of 8,000,000, there are only 165 registered NGOs. Thus, civil society has yet to find its voice and demand inclusion.

Perception that Justice is Corrupt: One of the most serious constraints to democracy in Haiti is the weakness of the judicial system. For democracy to take root, and retain the support of the people, it must operate within a legal framework which guarantees respect for citizens' rights and ensures that everyone, including governments and public servants are subject to the laws and accountable to the people. While there have been notable improvements in the last four years, as shown in our accomplishments section, the judicial system is still weak in its ability to guarantee due process, weak in its institutional capacity to administer justice, and weak in its commitment to reform. As a result, one of the major challenges facing USAID in this sector is how to help the GOH build a judicial system in which respect for the rule of law and human rights prevail.

The judicial system remains an exclusive system which does not reach a significant portion of the population. There are only 185 tribunaux de paix (the lowest level of trial judge) in a country divided into 565 communal sections. There are only 29 juges d'instruction, the magistrates responsible for investigating most serious criminal offenses, including collection of evidence and the interrogation of witness, to determine if the case should proceed to trial. With fewer than two juges d'instruction per jurisdiction, there are inadequate resources to investigate criminal cases. Two hundred new Judicial (investigative) Police have been trained to assist in detective work, under the direction of the juges d'instruction, but their mandates are still unclear. In this void, the lowest level juge de paix is often required to be his own investigator and police agent.

The system is virtually inaccessible to poor Haitian citizens who lack the means or education necessary to be heard in the Haitian judicial system. While it is encouraging to see

that in some of the jurisdictions where USAID is working the constitutional requirement that detainees come before a judge within the first 48 hours after arrest is increasingly observed, this is still not the case in the majority of the country. In addition, pretrial detention can last many months, due at least in part to the insufficiency of *juges d'instruction* and other personnel needed to carry out investigations. When the poor finally come before the court, most have no legal counsel, lacking necessary funds to engage a lawyer. Since these offenders have little or no understanding of the law or their own rights they are doubly hampered in obtaining a fair trial.

Human rights abuses in prisons continue to go unaddressed; prison conditions fall well below international standards; inefficiency, corruption and abuse of procedures go unchallenged; and laws are often ignored or implemented selectively for political reasons. Furthermore, Haitian citizens do not have a strong understanding of what their human rights are. In sum, the Haitian judicial system is plagued with severe problems and is in dire need of reform.

In addition to the above problems which impede access to the rule of law for the majority of Haitians, codes and laws are outdated and have rarely been amended since their introduction in 1835. One area of concern is laws regarding the cadre of judicial personnel. At present judges receive very low salaries, and are retained at the whim of the executive. These factors of lack of independence, low pay and indefinite job status create little incentive to remain on the bench or improve professional skills. Moreover, the Ministry of Justice is technically responsible for the police, yet they are accorded an autonomy, and in status terms such as salaries, a superiority to judicial personnel. The power and relative organization of the police have made the judiciary reluctant to try cases of police misconduct and abuse for fear of reprisals, further exacerbating people's perceptions that there is no rule of law and that there is impunity for those entrusted to establish and enforce justice who do not abide by the law. According to a recent assessment of the justice sector and confirmed by USAID focus groups, many members of the judiciary personnel are viewed as corrupt and lacking basic legal skills.

In summary, the major problems which confront this new democracy are a lack of political inclusion in which an overwhelming percentage of the population feel unrepresented and excluded from the political center; a lack of clear consensus on the rules of the game, particularly in the realm of new democratic procedures including both elections and decentralization; and weak governance characterized by a lack of transparency, accountability and adherence to the rule of law.

## 3. Program Accomplishments to Date

During the last strategy period, the democracy strategy was to foster more effective and responsive democratic institutions and empowered communities.

Major accomplishments during this period span the areas of justice and security, elections, parliament, civil society, and local government.

Justice and Security. Major accomplishments include the peaceful demobilization of the Haitian Armed Forces through re-training or monetary compensation, the establishment of a 5,200 member civilian police force, on-the-job training for 360 judges and prosecutors in Port-au-Prince and eight major cities, as well as basic training courses at the Ecole de la Magistrature, Haiti's Constitutionally-mandated judicial training school, for over 430 judges and prosecutors. In addition, seven joint judiciary-police seminars to enhance coordination of investigations of criminal offenses between prosecutors, judges of instruction, justices of the peace and police officers took place. Currently, 60 recent law school graduates are participating in a six month pilot judicial training program to improve their understanding of the judicial and prosecutorial functions. Furthermore, over 200 judicial (investigative) police were trained to work with prosecutors and judges of instruction in conducting criminal investigations. This will facilitate more rapid investigation of cases. Lastly, a recently launched pilot effort in judicial mentoring has met with favorable results.

Further, to increase access to the justice system and reinforce the rule of law, NGOs and bar associations in six cities provide legal services to poor Haitian citizens. From January 1996 to December 1997, some 14,956 Haitians have received legal assistance. Finally, the United States has provided technical assistance to the Haitian government to enable it to improve case tracking and case management techniques, particularly in criminal cases. This assistance has enabled cases to proceed more efficiently and fairly through the penal chain, resulting in a drop in the number of persons in pre-trial detention beyond the time allowed by law.

Moreover, to address the much-lessened but still persistent problem of human rights abuse, the Human Rights Fund that existed during the *defacto* period was reestablished. Under the new program, nearly 150 victims of human rights abuses have received medical and other direct victim assistance, group therapy and one-on-one counseling sessions have been held with victims and their families; eight grants have been awarded to local human rights groups for civic education and advocacy efforts; a conference on Rehabilitation of Victims of Organized Violence was held and allowed Haitians to discuss openly the effects of human rights abuses on societies and individuals for the first time; and, a small pilot program (two jurisdictions) is building relations between communities and the Haitian National Police.

Elections. USAID assistance in the planning and implementation of local parliamentary and presidential elections in Haiti since 1994 has resulted in a number of major accomplishments. Approximately 97 percent of all eligible voters registered for the elections in 1995 and in a supplemental registration in 1997. The Presidential elections in December 1995 resulted in the first peaceful transition of power from one democratically elected President to another. A locally initiated election observer unit has been formed as a result of a business group initiative, with USG-financed observer training. Election protests by candidates to the Electoral Council in 1997 were presented with an increasing level of concrete evidence of electoral wrongdoing, as compared to previous elections. A small but competent cadre of Haitian electoral technicians has emerged from the electoral process since 1995, as a result of training received from the USAID-financed UN and IFES technicians. In stark contrast to previous elections, the Haitian government assumed responsibility for financing approximate-

ly 75 percent of the cost of the April 1997 elections. In addition, elections are now part and parcel of the Haitian Government Budget, for the first time since the new Constitution was enacted in 1987.

Parliament. Under the last strategy period, the Haitian Parliament has distinguished itself as an independent and increasingly responsible democratic institution. An interpellation, called by Parliament in March 1997, was conducted with dignity and was televised and broadcast by radio. When a scandal arose when several parliamentarians mis-used visas for personal benefit, they were censured by the Legislature and parliamentarians themselves were at the forefront of popular outrage. With USAID's support, major accomplishments include: assisting the Finance Commissions of both Houses with the analysis of the budgets for FY96 and FY97 and ensuring that the Commissions efficiently and thoroughly analyze future budgets; forming several support units to improve administrative structures and upgrade personnel (e.g. Committee Support Secretariat, Research and Reference Unit and a Press and Public Relations Unit); training staff on legislative drafting, drafting the minutes of proceedings, protocol and public relations; and sponsoring study tours to the U.S., Panama, Brazil and Canada to allow members and staff of both Houses to interact with counterparts and to exchange views on key issues.

Local Government. Mayors and other local officials have made great strides in working toward the decentralization that is called for in the 1987 Constitution and that has yet to become reality. USAID helped create the National Federation of Haitian Mayors, linking 11 regional groups, which now advocates for decentralization reforms. This group received President Préval's mandate to develop essential decentralization legislation which is now pending Parliamentary action. Haiti's mayors are learning from worldwide experiences in decentralization via five seminars sponsored by USAID regarding decentralization experience from the U.S., the Philippines, Colombia and Bolivia, as well as from attending the Inter-American Conference of Mayors in Miami, to which a delegation of mayors was sent. Upon returning to their municipalities, USAID assisted the mayors who attended the Miami conference to organize a national town clean-up program, communal soccer championships, and other public service initiatives. Eighty five mayors and municipal employees have received training in subjects including preparation of municipal by-laws and leadership skills, and ten municipalities have benefitted from intensive technical support to identify priorities, prepare plans of action, and develop new institutional arrangements for provision of basic goods and services. Moreover, the issue of decentralization remains in the spotlight; USAID has supported public meetings of elected officials and civil society in twenty communes to inform citizens on issues of decentralization and has produced 10 national weekly radio broadcasts on decentralization.

Civil Society. Civil society is increasingly active and vocal about its priorities and concerns and is placing pressure on the government to respond. After President Aristide's return, with USAID support, civil society groups implemented over 2,250 community projects in 113 of Haiti's 133 communes. More recently, in response to political crisis, more than 90 civil society groups from across the country have spoken out in favor of resolving the impasse. Additionally, civil society is increasingly taking stands on key policy issues, such

as decentralization. Among the principal accomplishments, USAID's civil society program has: sponsored two National Dialogues and a public information campaign on the issue of decentralization and participation in Les Cayes, Gonaives, and Cap-Haitien bringing together more than 500 organizations from different points of view in constructive, policy-oriented debate; conducted and published a nationwide public opinion survey on democratic values, providing essential information to civil society and government on peoples' perceptions of their relationship to government institutions and officials; trained 28 members of 12 civil society organizations from a variety of sectors (e.g. health, education, agriculture, environment, private sector, justice and human rights) in advocacy skills; provided three small grants for networking and coalition building to organizations working on women's legal rights, environmental protection, and decentralization to more effectively influence policy reforms in these areas; assisted 6,000 people to participate in civic education initiatives related to election participation, decentralization, and the role of territorial assemblies; sponsored a U.S. study tour for six representatives of civil society organizations to observe how civil society functions in a democracy, after which participants carried out civic education workshops for over 200 community leaders throughout the country.

While the last strategy saw impressive accomplishments, much remains to be done. The new strategy addresses this issue by placing more emphasis on the demand side of the equation on the theory that a stronger and effective demand from the citizens of Haiti for genuine inclusion in decision-making will lead to more responsive governance. If institutions are weak now, and political will to strengthen them is weak, increased demand should improve elections, accountability of officials, delivery of the rule of law and public decision-making, by creating more consensus. Our strategy will also attempt to bring clarity to the rules of the game by strengthening elections processes and supporting decentralization reforms. We will also address the issue of weak governance by working with elected officials, both in local government and in Parliament, to improve their ability to deliver services. To the extent there is political will, we will also work with the judicial sector to improve its capacity to deliver the rule of law.

Our strategy also plays a role in integrating the middle class/elite better into the democratic process. Many of these strands are cross-cutting, especially in the field of improved advocacy, where we will work with businessmen's associations to ensure that their ability to lobby for their needs effectively is strengthened. In addition, our work to improve and extend the rule of law directly addresses their needs for law and order and should also improve stability of contracts and other legal issues. Finally, our planned efforts in peace and reconciliation will focus on identifying areas of common concern and experience between many classes and should thus forge a link of shared history.

# 4. Critical Assumptions and Causal Relationships

- There will be a genuine commitment from the Haitian power elite to the principles of democracy.
  - Until the Presidential elections in 2000 there will not be strong political commitment to reforms and institutional strengthening within ministries.

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- There will be a continuing willingness on the part of the Haitian people to insist on participation.
- The Government of Haiti, and political actors in general, will eventually cede to popular and international pressure to institute free and fair elections.
- If people are involved and understand why decisions are being made, their demands for services will become more reasonable and more focused.
- Increased demand should improve elections, accountability of officials, and decision-making.
- Haiti's democracy will not be overthrown.

# 5. Commitment and Capacity of Other Development Partners in Achieving the Objective:

The multitude of donors working in this area is a good indication of the importance all attach to strengthening inclusion and governance in this fledgling democracy. The areas in which they are most active are rule of law, election support, participation and strengthening parliament.

In rule of law, Canada, the European Community (EU), the UNDP, MICIVIH are the major actors. The UNDP is active in prison reform. The Canadians are working collaboratively with USAID in improvements of the administration of justice (they are working on higher level courts, while USAID focuses on the lowest level justice de paix administration and the Department of Justice works at the level of Prosecutor's Offices). The EU complements our efforts in one of our model jurisdictions by providing legal assistance to indigent claimants and funding activities of legal and human rights advocacy groups. MICIVIH addresses human rights abuses and is supporting creation of juvenile courts, as well as strengthening the Office for Protection of Citizens. While not a major donor in this field, the French play an important role in legal reform and also support the concept of establishing juvenile courts. The French have also played an important role at the Ecole de la Magistrature, training the core faculty for the pilot training program. They have also assigned a magistrate to work at the Ecole on a full time basis.

Parliamentary activities in the past have been supported by the UNDP International Parliamentarians Union (IPU) at about \$300,000/year. The IDB plans to include Parliamentary assistance in its new modernization of the state project and will focus heavily on increasing communication channels between MPs and their constituents with a proposed FY 1999 loan of over \$6 million for 4 years. Finally, there are a number of Parliament-to-Parliament programs including Canada and France which offer limited commodity procurement (especially reference materials) and observational study tours.

In the area of local government and decentralization, the IDB is considered the lead donor, although at present its project is stalled waiting for Parliament approval. The UNDP has a Municipal Development project which is a major complementary activity to the USAID effort. Both the UNDP and the EU encourage decentralization of government services to the regional level. The IBRD's new Basic Infrastructure activity will help to

support initiatives from local communities as will the UNDP Landuse Planning Project, which among other things aims at development of a decentralized planning capacity leading to a decentralized public investment program budget.

Many donors encourage popular participation: the UNDP offers training to NGOs; both the IBRD and the IDB have provided grants to local organizations and communities to improve infrastructure. Donor support for civil society, advocacy and civic education is largely still in the planning stages, with the exception of the work of the UN-OAS Civilian Mission which supports human rights organizations, monitors the human rights situation, and supports judicial reform. The United Nations has several planned efforts related to civil society and advocacy, with primary emphasis on advocacy for family planning and maternal and child health. Additionally, the UNDP is considering supporting a human rights and civic education program, now in the preliminary design stage. Finally, the EU has long planned a program to strengthen civil society as a democratic actor; however, the program is not yet operational. Because these programs are in their preliminary phases, USAID has an opportunity to coordinate to ensure that programs are mutually reinforcing and potentially leverage assistance in areas where USAID alone cannot fill the void, such as civic education.

USAID has been the major donor in support of free and fair elections, through grants to IFES, IRI and NDI, as well as to the UNDP. Other prominent donors have included Canada, France, Japan, Venezuela and the UNDP. The trend now is to leave the actual costs of the elections to the GOH while donors prefer in the future to support election monitoring.

Table 5

Donor Support for Democracy Sector Activities
1997- 1998 (millions)

AGENCY	Police/Security	Justice	Human Rights	Political Party Development	Elections	Civil Society	Parliament	Local Government			
EU		. 1	0.0		-	16.0 over 3 years					
IDB						4.7		6.0			
IBRD-World Bank	N/A*										
OAS	N/A*										
UNDP	N/A*										
MICIVIH	N/A*										
Canada	13.0 over 3 years	3.5 over 4 years	0.7 over 2 years	0.00	0.00	0.00	0.7 over 4 years	0.00			
France	.8 over 3 years	.7 over 3 years									
							,				

<sup>\*</sup> Amounts not available from these organizations

# 6. Illustrative Approaches

Four intermediate results will contribute to achievement of the Strategic Objective:

- IR 1: Civil Society Organizations Positively Influence Policies and Oversee Public Institutions. USAID will support stronger advocacy groups and widespread civic education activities to promote a more knowledgeable and demanding public. Training of CSOs in organizational methods, advocacy techniques and substantive issues such as womens' rights will be supplemented by interventions to improve information-dissemination, including work with journalists, information clearinghouse organizations and networking groups. These activities will be a fruitful area for joint planning and financing with other SOs. We envision work with women's groups on issues such as reproductive rights, businessmen's groups to improve their ability to lobby for issues such as growth of the private sector and property rights, environmental groups, human rights groups to create pressure to improve the rule of law.
- IR 2: Elections Are More Credible and Participatory. This Intermediate Result will address more credible and participatory elections. For credible elections three components are vital: more informed electorate; stronger political parties that offer real and well-defined choices; and oversight mechanisms to ensure that elections are free and fair. Training for political parties will work toward development of genuine issue-oriented platforms that reflect views expressed by civil society, and the inclusion of women in their activities; parallel activities with CSOs aim to insure that strong entities exist to supervise and organize elections and to monitor the process. Electoral education will also be offered in a variety of arenas to create a more demanding and knowledgeable electorate. Technical assistance will be offered to the election process, to support training of registration and poll workers, registration processes, the *Conseil Electoral Permanent*, and other procedural issues surrounding establishment of voter lists, logistical support and other issues.
- IR 3: More Responsive Governance by Elected Officials. We will work to improve governance by elected officials, both at the local level and in Parliament. To ensure this, activities will give training to local officials to improve capacity in policy analysis, revenue administration, development planning, community outreach and other topics. To increase resources available to municipalities, USAID will support legal reforms aimed at devolution and decentralization and will introduce pilot credit or other development funds at the local level. Cross-fertilization from the Economic Growth SO and secondary cities program will enhance the impact of these interventions, using the municipal credit fund whenever possible in areas where decentralization is most developed and local officials have received sufficient training to ensure that these funds are put to the best use. Where appropriate we will also coordinate with EG to develop tourist activities.

For Parliamentarians to respond more effectively to citizens' needs, they must learn to communicate with their constituencies, and they must have the ability to respond effectively. USAID plans to seek out the most effective and responsive MPs and work with them to create role models. We envision sponsoring a series of regional workshops in which

Parliamentarians meet with interested constituents to discuss proposed legislature. This will both ensure that constituent views are better understood, and also that constituents have a better understanding of the constraints under which MPs work. In addition, development of research capacity in Parliament, workshops and observational visits are also planned. To complement work with parliamentarians, the civil society development activities mentioned above will strengthen the oversight and advocacy skills of the constituents. Where possible the regional workshops will focus on pending legislation involved in achievement of our other SOs, as well as our own theme of decentralization.

IR 4: People Increasingly Treated According to the Rule of Law. Our activities will continue to work on the supply side by providing a supply of trained judicial personnel, through training and mentoring programs for judges, prosecutors, defense attorneys and clerks .Legal assistance to the poor will be expanded to other parts of the country. Case tracking systems will speed the work of the courts in model jurisdictions, and may be increased when evidence exists that they are indeed reducing time needed to resolve cases. We will, however put additional emphasis on creation of a demand for the rule of law. This will have two approaches: the formal approach of reforms to introduce sanctions for judicial misconduct, and the more grass-roots approach of working directly with people.

This represents a new emphasis in our program, in which we will attempt to fund four new activities: creation of a National Reconciliation program to begin a healing process for the abuses of the last 10-15 years; strengthening of existing indigenous human rights groups to foster the emergence of "watchdogs" to monitor human rights abuses and bring them to public attention, promotion of an active campaign aimed at ensuring that the population, and particularly the youth are aware of their Constitution and the Universal Declaration of Human Rights, thus ensuring a commonality of values which will be a strong platform for renewed demand; and finally if funds permit, assistance to set up juvenile detention facilities to protect youth from the crowded and unwholesome prison conditions to which they are now subject, and to train them in skills allowing them to enter the work force.

### 7. Sustainability

Strengthening people's voice in public policy and development issues, helping to make elections more credible and participatory, strengthening representative governance, and improving the rule of law are in themselves elements which will contribute to the sustainability of democracy in Haiti. Since the emphasis of this strategic objective is to increase the demand for genuine inclusion or representation, most of the activities will seek to identify Haitian NGOs, political parties or other interest groups, and to strengthen their ability to voice their concerns and to represent their constituents effectively. In other cases, creation of watch-dog groups will guarantee that public officials become more accountable.

Adoption of certain policies by the GOH will assure the sustainability of USAID's investments. The passage of important laws, such as those in the areas of decentralization and judicial reform, will create the enabling environment for sustained democratic development. Additionally, to ensure institutional sustainability, we will work whenever

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possible with existing organizations, and in fact, at present we do not plan to create any new organizations. When necessary, we will strengthen the organizational capacity and financial viability of those institutions that are considered critical for sustained democratic development, such as watchdog groups and human rights organizations. Moreover, USAID will coordinate with other donors to seek complementarity in programs that will assure sustainability, such as in the area of legal assistance where the E.U. and the French have funded activities as well as USAID. Finally, through enhancing the demand for democratic governance, indigenous feed-back mechanisms will be reinforced, creating a dynamic that will go far toward ensuring sustainability of the supply-side activities (rule of law and representative governance).

# 8. Expected Results and Impact

There are four performance indicators for the Strategic Objective, *More genuinely inclusive democratic governance attained*.

The first will be the percentage of participation in the Presidential elections of 2000 and 2005. The target is 40 percent. Baseline to be used will be the turnout in 1995 which was estimated by international observers at 25 percent<sup>9</sup>.

The second indicator is % of citizens who say that their local and parliamentary elected officials (mayors, senators and deputies) care a great deal or a fair amount about the problems facing people in their localities.

Targets: (baseline 1997: 12%) 1999: 16%; 2000: 20%; 2001: 25%; 2002: 30%; 2003: 34%; 2004: 37%; 2005: 40%. Means of Measurement: Annual USIS poll; average of responses to questions regarding parliamentarians' and mayors' ability to resolve problems.

The third indicator is % of citizens who say they have great deal or a fair amount of confidence in the justice system. Targets: (baseline 1997: 24%) 2000:28%; 2001:30%; 2002:33%; 2 003:36%; 2004:40%; 2005:45%. Means of Measurement: Annual USIS poll.

The fourth indicator is # of public policies on critical areas for development that are changed based on CSO advocacy. These public policies include those related to environment, education, economic development, health, justice. Targets: (baseline 1997:7); 1999:7; 2000:4; 2001:8; 2002:8; 2003:7; 2004:6; 2005:5. Means of Measurement: Annual survey conducted by contractor/grantee among CSOs to determine their success rate in influencing critical policies related to development. Survey results will be verified independently by interviews with appropriate Ministry, Parliament, and/or through news reports.

Data for all indicators at the Strategic Objective level will be desegregated by gender, and whenever possible also for Intermediate Results.

<sup>&</sup>lt;sup>9</sup>Estimates on this vary from 20 percent to 30 percent. We have chosen a middle figure of 25 percent.

# IR 1 Civil Society Organizations Positively Influence Policies and Oversee Public Institutions

### Indicators:

- 1. # advocacy initiatives effectively carried out by targeted CSOs. Targets: (baseline 1998:TBD); 1999:20% over baseline; 2000:30% over baseline; 2001:50% over baseline; 2002: 65% over baseline; 2003:75% over baseline; 2004:90%; 2005:100% over baseline. Means of Measurement: Annual survey conducted by contractor/grantee among USAID-assisted CSOs to determine whether advocacy initiatives were carried out per written agreements and/or according to standards of effectiveness.
- 2. # CSOs involved in oversight of public institutions. Targets: (baseline: TBD); 1999: 5% over baseline; 2000:10%; 2003:15%; 2004: 20%; 2005:25%. Means of Measurement: Inventory, updated annually, by contractor/grantee.

# IR 2: Elections are More Credible and Participatory

#### Indicators:

- % of citizens who say that elections were free and fair.
   Targets: (baseline 1997: 18 %); 1999: 30 %; 2001: 40%; 2003: 50 %; 2005: 55 %.
   Means of Measurement: USIS or USAID-sponsored opinion polls every two years, between Presidential, Parliamentary and local elections.
- % of citizens who say that political parties provide meaningful choices.
   Targets: (baseline 1997:29%\*) 1999:30%; 2001:35%; 2003:40%; 2005:45% Mean of Measurement: USIS or USAID-sponsored opinion polls every two years, between Presidential, Parliamentary and local elections.

   \* % of people who expressed confidence in political parties; 28% for men and 29.3%

# IR 3: More Responsive Governance by Elected Officials

#### Indicators:

for women.

- 1. Increased local government access to revenues. Targets: (baseline: TBD); 1999: 0% over baseline; 2000: 5% over baseline; 2001: 8% over baseline; 2002: 10% over baseline; 2003: 20% over baseline; 2004: 25% over baseline; 2005: 27% over baseline. Means of Measurement: Ministry of Finance and Municipal Budget records, collected annually by contractor/grantee.
- Percentage of bills and budget amendments which reflect citizen input from town meetings, regional workshops and other dialogue fora.
   Targets: (baseline: TBD); 1999: 0% over baseline; 2000: 5% over baseline; 2001: 8% over baseline; 2002: 10% over baseline; 2003: 20% over baseline; 2004: 25% over baseline; 2005: 27% over baseline.
   Means of Measurement: Parliamentary records, collected annually by contractor/grantee.

3. Level of confidence in local government officials; Targets: (baseline 1997:8%); 1999:15%; 2000:18%; 2001:20%; 2002:23%; 2003:30%; 2 004:35%; 2005:38%. Means of Measurement: USIS-, USAID-, or project-sponsored survey.

# IR 4: People Increasingly Treated According to the Rule of Law

### Indicators:

- 1. Level of User Satisfaction with the Courts (this will measure if user thought the judge knew his job well; if the amount of time waiting for a hearing seemed fair; if user thought everyone behaved ethically). Targets: 1999: 10% partially satisfied (on one point); 2000: 15% partially satisfied; 2001: 20% partially satisfied; 2002:25% partially satisfied; 2003: 30% satisfied (2 points); 2004:35% satisfied; 2005: 40% satisfied. Means of Measurement: Twice a year a survey will be administered in USAID's model jurisdictions, at least once being at the time of assizes. An index of three questions will be used.
- 2. Percentage of citizens who believe that their human rights are respected. Targets: (baseline 1998: TBD); 1999: 5% over baseline; 2000: 7% over baseline; 2001: 12% over baseline; 2002: 15% over baseline; 2003: 17% over baseline; 2004: 20% over baseline; 2005: 25% over baseline. Means of Measurement: USAID- or USIS-sponsored public opinion poll.

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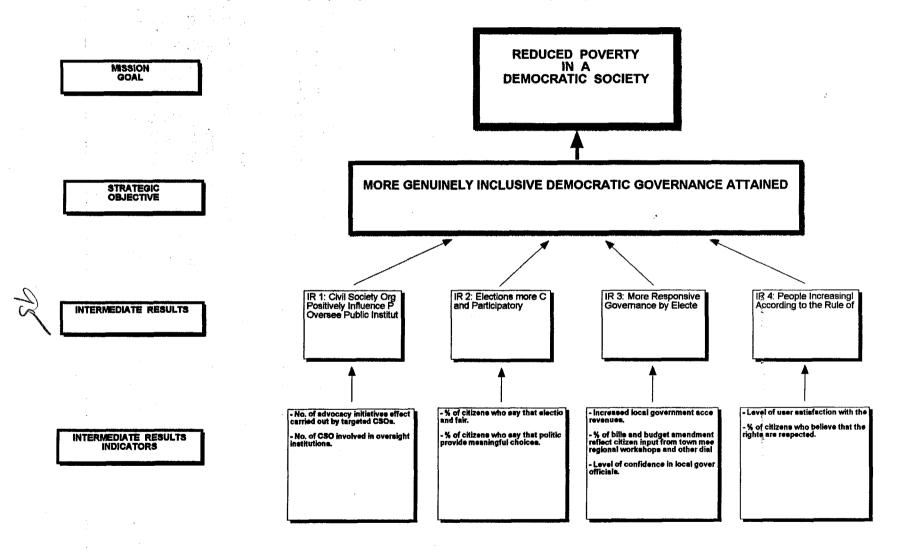
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# SO: MORE GENUINELY INCLUSIVE DEMOCRATIC GOVERNANCE ATTAINED

Indicators for the SO:- Percentage participation in presidential elections.

- Percentage of members of targeted CSOs that believe they can have an impact on public policy & governmnt oversight processes.
- Percentage of citizens who say that their local and parliamentary officials (mayors, senators and deputies) care a great deal or a fair amount about the problems facing people in their localities.
- Percentage of citizens who say they have great deal or a fair amount of confidence in the justice sytem.



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# F. Streamlined Government

1. Special Objective Statement - Streamlined Government

# 2. Problem Analysis

Two Administrations (those of Jean-Bertrand Aristide and René Préval) and three governments (those of Smarck Michel, Claudette Werleigh and Rosny Smarth) have been, since late 1994, struggling with the implementation of a comprehensive structural economic reform program complete with economic policy and legislative actions in an attempt to redefine the Haitian economy and State. The ultimate objectives of the re-definition exercise are twofold. First, it is to initiate the process leading to an economically more streamlined (both qualitatively and quantitatively), efficient and, thus, credible central government. Second, it is to induce the re-defined and more liberal Haitian economy to grow at approximately 4.5 percent per annum with an inflation rate of approximately 10-15 percent. In practical terms, the GOH has been attempting to implement several successive structural reform programs supported by the IFIs and bilateral donors. Although the contents of those donor-financed structural reform programs were varied, they have included one or more of the following policy issues: (1) improvement of public finance; (2) downsizing of the civil service and civil service reform in general; (3) privatization of SOEs; (4) trade liberalization; (5) financial sector reform; and (6) decentralization.

The structural imbalance between the GOH's need to finance the bloated civil service and much needed social investment, on the one hand, and GOH's low tax revenue collection, on the other hand, has been plaguing Haiti since the return of democracy in late 1994. There have been intermittent strikes by civil servants demanding higher wages and back pay since October 1994. Pressured by those strikes, the GOH has authorized unplanned and ad hoc payments for wage increases or salary arrears. For example, in spite of the GOH October 1996 decision to freeze the wage bill at 2.4 billion per year for FYs 1996-98, the actual wage bill has risen to G 3.1 billion - a 29 percent increase - by December 1997. Those extemporaneous payments have, in turn, threatened fiscal and financial stability.

Subsidies to inefficient, money-losing SOEs have, since FY 1995, constituted a significant budgetary drain and threatened the fiscal stability. To eliminate the budget drain, the GOH proposed to privatize (i.e. sales of shares, management contract or lease/concession) a first group of nine SOEs.

In FY 1995, tariffs on selected commodities reached more than 50 percent of CIF prices. In addition, Haiti had the highest port charges in the Caribbean region and port clearance procedures were protracted and time-consuming. Imports were subjected to quantitative restrictions and licensing. Monopoly rights were granted to SOEs and selected private interest groups for the production and sale of selected goods and services. Thus, Haiti has, since FY 1995, been plagued with high cost imported goods, corruption, inefficiency and low foreign investment. Tariff reform, customs reform, trade liberalization

and privatization of the PaP Seaport and Airport have all been needed to open up the Haitian economy to foreign investment and higher economic growth.

The Haitian financial system needed restructuring in FY 1995. For example, legal reserve requirement imposed on commercial banks were set at 53 percent of banks' deposits and banks' loan portfolios were highly concentrated, often in the hands of banks' board members. New monetary instruments had to be introduced to enable BRH to lower the legal reserve requirement without affecting inflation. New prudential norms were needed to enable BRH to better supervise commercial bank activities and encourage more diversified and sustainable loan portfolios.

Since the GOH was delivering almost no services to the decentralized municipalities, the decision was made to decentralize the central bureaucracy.

# 3. Program Accomplishments To Date

Working jointly with the IFIs and other Friends of Haiti, USAID's budget support and technical assistance have contributed toward meaningful improvements of the macroeconomic environment. As indicated in the tax data table listed in the Macroeconomic Environment Section, tax collection has improved significantly since FY 1995 due mainly to GOH efforts to strengthen its taxable capacity and enhance the yield as well as efficiency of the Haitian tax system. At the same time, GOH spending has relatively been conservative. Increased tax collection combined with conservative GOH spending has rendered the GOH less of a borrower in the capital market. As a consequence, the GOH has not been "crowding out" private borrowers as more capital became available to the private sector at a lower cost.

With the easing of the fiscal pressure and, thus, inflationary pressure, BRH has been able to introduce new monetary instruments which lowered the cost of money to commercial banks and, thus, interest rates to borrowers. First, part of the legal reserves deposited by commercial banks in BRH was awarded positive nominal interest rates. Second, Central Bank short-term bonds were placed with commercial banks. And, third, legal reserve requirements were lowered from 53 percent of commercial banks' gourde deposits in early 1996 to 26 percent as of January 1998.

Interest rate ceilings were abolished in FY 1995 by Central Bank Order. GOH-administered pricing of commodities, except for pump-level gasoline and some donor-financed food aid items, was also eliminated in FY 1996. By the same token, GOH-determined exchange rate was also abolished in FY 1995.

After a protracted debate which went on from late 1994 to October 1995, the "modernization" bill was finally signed into law on October 10, 1996. While the CMEP February 1997 modernization timetable has slipped, tangible progress was, as indicated in the Macroeconomic Environment Section, made. The state-owned flour mill was sold off by the GOH to a consortium of private foreign/ local investors. The sale of the state-owned cement

plant to a private foreign/local consortium is about to be completed. And, preparations for the seaport, airport and Téléco transactions are progressing.

Tariff reform began in earnest in April 1995 and the GOH has, as indicated in the Macroeconomic Environment Section, implemented significant reforms. However, Parliament has to pass the May 1996 draft Tariff Law to enable the GOH to reach its proposed reduced rate schedules and ceiling (i.e. a simple 0-5-10 tariff rate system with very limited exemptions and based on an international product nomenclature).

The CSD Law was passed by Parliament in October 1996. However, the full scale implementation of the GOH downsizing program - with projected 7,500 lay offs at the rate of 2,500 per semester for three semesters - has not yet begun since the CSD Law has not yet been published in the official gazette, Le Moniteur.

Little has been done to reduce the risk and uncertainty of doing business in Haiti since FY 1995. To resolve property right problems, the GOH has attempted to mediate land disputes by issuing the October 23, 1996 Executive Order which authorizes the Agrarian National Reform Institute (INARA) to take temporary possession of disputed land until an agrarian reform bill is passed by Parliament. INARA has been seizing land under dispute in fertile regions of Haiti and granting temporary certificates of ownership to farmers. INARA actions have raised a lot concern among the landed class of the Haitian society and have been, according to reliable sources, counter-productive. At the same time, the GOH has been searching for other ways to deal with property and land issues by working with CLED and ILD on the formalization of properties and businesses and eventually creating a market for tangible assets.

As pointed out in the Macroeconomic Environment Section, little has been done to effectively promote decentralization in spite of the enactment of the FY 1996 decentralization laws.

### 4. Critical Assumptions and Causal Relationships

- Strong political will and continued commitment to the economic reform program.
- Need new Prime Minister to completely consummate the almost-finalized cement privatization transaction and the PaP Seaport, Airport and Téléco transactions soon to follow.
- Publish the Civil Service Downsizing Law in the official gazette "Le Moniteur" to begin the GOH CSD program.

## 5. Commitment and Capacity of Development Partners

Donors' support of the GOH structural economic reform program has been significant. An approximate 40 percent of the GOH annual Operating Budget has been, since

FY 1995, pledged by donors each year to assist the GOH in the inflation-free financing of its wage bill and non-salary operating costs. In addition, an approximate 95 percent of the GOH annual Investment Budget has been financed by the donors each year to assist the GOH in the repair and enhancement of the physical infrastructure and in the provision of public goods and services.

Donors' support for the GOH privatization program has always been significant. The Inter-American Development Bank finances Ed'H (the electric parastatal), BNC (Banque Nationale de Crédit) and BPH (Banque Populaire Haitienne) transactions under its \$50 million Investment Sector Loan (ISL) while the Canadian Aid Program (CIDA) provides partial financing for CMEP operating costs and the IBRD serves as the primary technical advisor to CMEP.

Donors' commitment to the area of civil service reform has also been significant. Since FY 1995, all IMF financial stabilization/structural adjustment programs have required the GOH to implement civil service reform-related actions. In addition, the IDB (a \$20 million Administrative Reform loan is being prepared), IBRD (the \$12 million Second Technical Assistance Project - TAP II - which still awaits parliamentary approval) and UNDP have been having programs in this area.

Donors, such as the IMF/UNDP, Canada and the European Union, have also been providing significant technical assistance to the Ministry of Finance and BRH. The USAID-financed Treasury technical assistance to the Ministry of Finance as well as the planned bank supervision TA to BRH are integral parts of donor assistance to the GOH to strengthen its capacity to implement macroeconomic policies in a timely fashion.

# 6. Illustrative Approaches

USAID has been, since the return of Constitutional Rule in FY 1995, an active supporter of the GOH structural adjustment program. However, working either jointly or in complementarity with other donors, USAID support has always ben concentrated in the following three out of the six policy areas mentioned above: i) privatization of SOEs; ii) civil service downsizing and civil service reform in general; and iii) improvement of public finance. At the GOH request, USAID financed in FY 1995 the diagnostic studies of the first nine SOEs to be privatized. USAID provided budget support every year since FY 1995 to assist the GOH to preserve fiscal balance and avoid inflationary financing. All disbursements of budget support funds had conditionalities tied to either the privatization of SOEs or civil service downsizing/reform. Under the new Strategy, USAID will continue for two years to support the GOH in the same three policy areas just identified above should the GOH demonstrate tangible interest in executing its structural economic reform. Thus, USAID's Special Objective "Streamlined Government" will focus on three Intermediate Results (IRs): reduced size of para-public sector and, reduced size of civil service and improved management of GOH revenue.

### IR 1: Reduced Size of Para-Public Sector

USAID has been one of the key supporter of the GOH privatization program by providing support to the CMEP program in terms of technical assistance for: (1) the completion of the PaP Seaport, Airport and Téléco privatization transactions (\$3.5 million of PAR fund); (2) the public relations campaign to build popular, broad-based support for the GOH privatization program of the first nine SOEs (up to \$.9 million of PAR fund); and (3) general policy dialogue for improved donor coordination among the major donors. The CMEP has, for all practical purposes, warded the technical assistance contracts for the advisory services for the PaP Seaport and Airport transactions. It is anticipated that the tender documents for the seaport and airport privatization transactions will be issued in late FY 1998 and the consummation of these two privatization transactions will occur un FY 1999. With respect to Téléco, the letter of invitation to submit proposal for financial advisory services was issued by CMEP in January 1998. It is anticipated that the tender document for the Téléco privatization transaction will be issued in late FY 1998 and the consummation of that transaction will take place in FY 1999. Any slippage in the timetable just described will push the GOH first-nine-SOEs privatization initiative into FY 2000. The USAID-financed public relations campaign will begin in the second half of FY 1998 and is expected to last well into FY 2000 until the all first-nine-SOEs are privatized.

#### IR 2: Reduced Size of Civil Service

USAID activities in support of the GOH civil service reform include: (a) civil service downsizing (CSD) through budget support (\$10 million disbursed in FY 1997 and \$5 million to be disbursed in FY 1998) -- the latter disbursement subject to conditionality and to reconsideration if Haiti remains dilatory in privatization and investigation of extra-judicial killings); (b) technical assistance to re-train up to 7,500 laid off civil servants under the GOH CSD program; and (c) re-focusing the existing U.S. Treasury technical assistance to the Ministry of Economy and Finance (MEF) to assist the GOH in improving the management of its central payrolls by preventing laid off civil servants to be illegally re-hired; and, d) civil service reform (CSR) through policy dialogue with CNRA (Commission Nationale de la Réforme Administrative). CSD will, in all likelihood, be a key policy component of the IMF FY 1998 Shadow Program, if any. Should the GOH decide to implement its CSD program in FY 1998, the separation and training programs as well as MEF payroll improvement activities will go beyond FY 1999 into FY 2000. Should the GOH decide to downsize the civil service in FY 1998, Canada and Switzerland will contribute respectively approximately \$8.5 million and \$4.0 million to help the GOH defray the costs of severance and pension payments under the soon-to-be-negotiated IMF FY 1998 Shadow Program. With respect to technical assistance to MEF, USAID will be working jointly with IMF, Canada and, perhaps, IDB.

## IR 3: Improved Management of GOH Revenue.

Should the GOH name a Prime Minister and concretely show commitment to economic reform, USAID activities to assist the GOH to enhance its ability to access and

better manage financial resources would include: (a) the U.S. Treasury TA to the Ministry of Finance to improve budget execution and better control of the wage bill; (b) the USAID budget support to enable the GOH to access to IFI/donor-financed budget supports; (c) the TA to CMEP for the GOH privatization program to eliminate subsidies to SOEs and, thus, reduce the budgetary drain from parastatals; and, (d) the TA to BRH to improve bank supervision. The ultimate common objective of the three activities just identified is to enable the GOH to better control the wage bill and subsidy payment to SOEs to ensure that, in light of IMF/IBRD/IDB efforts to raise tax revenues, relatively more public resources could devoted to the provision of social services for the Haitian poor. The planned TA for BRH should ensure better monitoring of commercial banks' activities.

# 7. Expected Results and Impacts

Special Objective level (Streamlined Government) indicators and targets:

- Size of para-public sector declining from 7-8 percent of GDP in FY 1997 to approximately 2-3 percent of GDP by FY 2000.
- Size of civil services declining by at least 7,500 employees from the FY 1998 level of 52,192 civil servants
- GOH revenue (including donor-financed budget support) would increase from the FY97 level of 8.7 percent of GDP to approximately 11.5 percent by FY2000 should USAID be financing activities aimed to improve GOH management of public resources

Intermediate Results level indicators and targets:

### **IR 1**: Reduced Size of Para-Public Sector.

- Number of financial, legal and other advisory services contracts awarded by CMEP: at least one per year.
- Number of privatization tender documents issued by CMEP: at least one per year.
- Number of privatization transactions consummated: at least one per year.

## IR 2: Reduced Size of Civil Service.

- CSD Law published in the official gazette "Le Moniteur" before September 30, 1998.
- Up to 7,500 civil servants separated: FY 1998: 5,000 and FY 1999: 2,500.
- Up to 7,500 civil servants re-trained for insertion into economy in FYs 1998-99.

# IR 3: Improved Management of GOH Revenue.

- RP 3.1: Improved Budget Execution and Control of Wage Bill.
- Enactment of budget by Parliament within the first two months of the fiscal year.

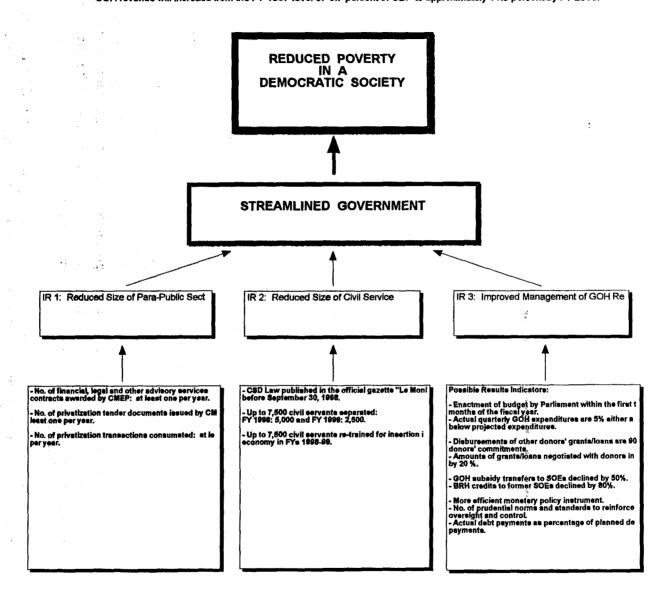
- Actual quarterly GOH expenditures are 5 percent either above or below projected expenditures. Baseline: -6.4 percent in FY97.
- RP 3.2: Improved Access to External Funding.
- Disbursements of donors' grants/loans are 90 percent of donors' commitments. Baseline: 85 percent in FY97
- Amounts of grants/loans negotiated with donors increased by 20 percent.
- RP 3.3: Reduced Budgetary Drain from Parastatals through Privatization.
- GOH subsidy transfers to SOEs declined by 50 percent. Baseline: -44 percent in FY97.
- BRH credits to former SOEs declined by 80 percent.

- RP 3.4: Increased Capacity of Central Bank to Adopt Appropriate Monetary Actions and Manage Foreign Debt.
- More efficient of monetary policy instruments. Baseline: 4 in FY97.
- Number of prudential norms and standards to reinforce banking oversight and control.
- Actual debt payments as percentage of planned debt payments.

Performance will be monitored by the Economics Division of PCPS through collection and analysis of the relevant data.

Indicators for the SO:- Size of para-public sector declining from 7-8 percent of GDP in FY 1997 to approximately 2-3 percent of GDP by FY 2000.

- Size of civil service declining by at least 7,500 employees from the FY 1998 level of 52,192 civil servants.
- GOH revenue will increase from the FY 1997 level of 8.7 percent of GDP to approximately 11.5 percent by FY 2000.



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INTERMEDIATE RESULTS
INDICATORS

#### G. Police Better Protect and Serve Haitians

1. Statement of the Special Objective: Police Better Protect and Serve Haitians Nationwide.

Under this USAID Special Objective, the U.S. Department of Justice's International Criminal Investigative Training Assistance Program (ICITAP) supports USG policy related to law enforcement development in Haiti through planning, implementing and coordinating project plans that focus available resources on key training and development needs of the Haitian National Police, under the terms of the U.S.-Haiti bilateral agreement on policy development.

U.S. policy and goals related to the Haitian National Police are based in the interest of enhancing what is becoming a credible, responsive civilian law enforcement agency, delivering basic law enforcement services pursuant to the rule of law, accountable to the public and subscribing to internationally-accepted standards of human rights.

#### 2. Problem Analysis:

Significant progress has been made since the ICITAP Haiti Police Development Project began in 1994, including the basic training of over 5,200 new police agents, of which more than 250 are women. The HNP does, however, still face problems including limited numbers of supervisory personnel, inadequate logistical capabilities which leads to inadequate numbers of police in the rural areas, and problems in managing personnel and finance. Although these concerns are recognized by its leadership, the HNP's capacity to deal with them has been limited by inadequate human and financial resources.

There are a limited number of HNP supervisory personnel for both geographic and special skills units. In March 1996, the HNP had only about 30 commissars and approximately 40 inspectors. All the nominations and appointments of commissars, who were for the most part former military officers from the FADH, were made sometime in 1995 and at the beginning of 1996. Few had ever undergone police training. This problem has, however, been significantly remedied through development and implementation of impartial selection and recruitment standards which have resulted in 114 of the approximate 150 commissaires positions being filled by December 1997.

The availability of material resources and the development of the HNP logistics capabilities have not followed the pace of police development. In some cases, these difficulties have impeded officer deployment in the *sub-commissariats* of the rural zones.

Many of the deficiencies in police capabilities can be attributed to inadequate budgetary support. While the most recent budget, 1997-1998, is an improvement, it is vulnerable to the Haitian legislative process and to competition from other priorities of the GOH. Approximately 80% of the HNP's budget is allocated to salaries. It is notable that these costs are entirely covered by Haiti, and not by the international community.

However, operating expenses, such as fuel, and limited capital investments, including police station refurbishment, are not adequately provided for in the Police budget. Therefore, it has been necessary for the police to "borrow" from its salary line item to cover these costs. This is not a long-term solution, and without increased resources, budget concerns will continue to plague the HNP. ICITAP's support has been for technical assistance, training and equipment.

## 3. Program Accomplishments to Date

ICITAP is in the fourth year of its five year plan. There are several accomplishments thus far. For example, in the first phase of ICITAP's Haiti Police Development Program, which began in 1994, major accomplishments included separating police functions from those of the Haitian Armed Forces (FADH), defining the role of police in the context of Haitian society and local needs, and instituting a basic training program that provided vetted members of the FADH with immediate police skills so that they could perform as Interim Police (IPSF). Simultaneously, International Police Monitors were trained and deployed with ICITAP assistance as a method to deter violence during the transition period. In the second phase of ICITAP's effort it focused on institution building. This stage was central to the development of a professional civilian police force and included training and assistance in establishing police administrative and management capabilities, as well as specialized skills such as investigative police forensic capabilities.

Additional accomplishments to date include the basic training of over 5,200 new police agents, creation of a training academy, development of a functioning Inspector General's office, training of SWAT and Crowd Control, the initiation of the Judicial Police, which has responsibility for criminal investigation, and the establishment of a nationwide radio communications system and process for information exchange. In addition, the most US Information Agency (USIA) poll conducted in July 1997 showed the HNP as the only institution to improve its rating, with eight of ten Haitians believing that the are doing a good job at maintaining law and order.

Finally, ICITAP has worked in close collaboration with the Haitian Secretary of State for Public Security of the Ministry of Justice, the HNP Director General, the Chief Inspector General and their respective staffs to develop an HNP Development Plan to the year 2000. At the invitation of Haitian counterparts, ICITAP worked with Haitian officials to define achievable goals and objectives. This plan remains the corner stone for HNP development. The GOH and the international community rely on the plan as the blueprint for all coordination efforts. As such, a Support Group for HNP Development Plan Implementation was created to concentrate efforts and accelerate HNP organization and development. The group meets regularly to verify compliance with stated objectives, as well as to articulate resources required and identify sources for acquisition.

The HNP Development Plan is divided into short and long-term components. The first segment presented emergency measures to be implemented by July 1997 and the second

addresses measures for HNP development through the year 2000. The immediate objectives addressed quality-of-life issues for HNP agents, management issues, and sought to consolidate HNP training programs, while modeling HNP operational readiness to be able to confront and effectively deal with a public order crisis or a criminal incident of national proportions. Complementary objectives include developing budget planning, logistics support mechanisms, and credibility building through positive public relations.

While obstacles to successful implementation of the plan exist, it defines the HNP and brings its institutional identity and direction into focus.

# 4. Critical Assumptions and Causal Relationships

- The GOH will continue its commitment to the long-term success of the HNP, including devoting adequate resources to its development, including meaningful engagement in the process of arrest;
- The GOH will participate as a full partner in training and managing new recruits;
- There will be cooperation from the HNP's Inspector General's office in taking steps to discipline officers; and
- The MOJ will be committed to an integrated criminal justice process.

# 5. Commitment and Capacity of Other Development Partners in Achieving the Objective:

ICITAP coordinates its activities with other international donors to maximize the impact of available resources. The French are working exclusively with the judicial police, including; training; developing a criminal investigation and record system; establishing a medical examiner's office and strengthening an unit which will investigate dangerous crimes committed by gangs. The Canadians support is mostly in mid-level management training, as well as work with the judicial police in crime scene analysis. They also provide training and technical assistance in areas such as logistics and motorpools. The UNDP has five technical advisors who work with local commissariats and headquarters and UNCIVPOL mentors the new police. Finally, the Taiwanese have contributed commodities, including vehicles.

# 6. Illustrative Approaches

As discussed earlier, ICITAP is in the fourth year of a five year plan; however, ICITAP will continue its activities over the next five years and will continue to focus on three major themes, including: 1) Specialized Training; 2) Police Management; and 3) Operational Issues.

The specialized training program supports the long-term development plans of the HNP by continued teaching of management and leadership skills, as well as the continued professionalization of the police at all levels for an institution. It is quite likely that this training will include supervision of courses for new rural police, a topic which is still in the

planning phases with the GOH. In addition, both the initial training program and the continuing education emphasize human rights training for officers at all levels, as well as training on womens' rights and domestic violence. These activities are carried-out in a manner which is sustainable within the context of GOH financial constraints and consistent with Haitian society and culture.

Under management activities, ICITAP will continue to assist the GOH in the improvement and formalization of HNP management, including HNP executives, managers and supervisors to guide and direct, all aspects of the HNP in fulfilling its law enforcement mission. Management issues to be addressed will include acquisition, deployment, and preservation of human physical resources, including in the rural areas. ICITAP has a major interest in assisting the GOH in formulation of policy related to the police and will continue to be active in the multi-faceted field. This will include policies related to the new rural police including authorities to be delegated, jurisdictions, and career paths.

With respect to operational issues, ICITAP will also assist the GOH in strengthening the HNP in both patrol and investigative operational capabilities and to improve the delivery of law enforcement services. Areas important to Haitians, such as theft and property crimes will be emphasized, along with transnational criminal issues such as auto-theft, contraband and narcotics. This will help to establish a predictable environment of community-wide safety and security. It will also assist the GOH in institutionalizing a sustainable law enforcement training capability to continue the professionalization of the HNP at all levels. Some funding will also be provided to assist in equipping a new rural police; this will be kept as limited as possible and subject to the limited means of Haiti.

#### 7. Expected Results and Impacts:

Results Expected: People Feel There is More Personal Security

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Percentage of people who believe that the police are responsive to their requests for help. Baseline (TBD)1999: 5% over baseline; 2000: 5% over baseline; 2002: 5% over baseline; 2003: 5% over baseline; 2004: 5% over baseline; 2005: 5% over baseline; 2006: 5% over baseline. Means of Measurement: USIS or USAID sponsored survey.

# IV. Summary Analysis of the Assistance Environment and Rationale for Haiti Program

# A. Linkages of Strategic and Special Objectives (see Appendix -----)

#### 1. Government of Haiti Goals and Objectives

USAID's strategic and special objectives support realization of the immediate economic relief and longer-term economic policy reforms developed by principal donors to Haiti and the legitimate GOH authorities in 1994. This program sought to provide the needed financing for the restoration and institutionalization of democratic government as well as the political stability and social reconstruction crucial to the success of the transition.

USAID's strategic and special objectives coincide with the principal objectives of the GOH's program: i) reinforcement of democratic governance and development of decentralized government structures; ii) development of a modern market economy; iii) reinvigoration of agricultural production and the reversal of environmental degradation; iv) increased investment in human resources; and v) alleviation of poverty. They support the GOH's "governance/decentralization" program through: i) elections and the nurturing of such democratic institutions as the Parliament; ii) re-engineering of the GOH public administration; and iii) reductions in civil service personnel and begin freeing up resources for the delivery of such basic services as health care, education. Modest levels of budget support will continue while the GOH strengthens its tax revenue collection mechanisms. Similarly, USAID support the GOH's "market economy" objective by encouraging continued trade liberalization, modernization of Haiti's financial sector, and, of course, the privatization of Haiti's para-public-enterprises.

USAID's sector-specific endeavors under the new strategy will also coincide with GOH goals to rehabilitate agriculture, create and implement a National Environmental Action Plan and a National Education Plan. On the humanitarian relief side, USAID's P.L. 480 program as well as the water and sanitation activities directly support the poverty alleviation goal set forth in the Policy Framework Paper.

#### 2. U.S. Mission to Haiti Goals and Policies

#### a) U.S. Interests in Haiti

The United States has a stake in giving Haiti the best chance since independence to break from a recent history of abject misery, political instability, and human rights abuses. Improvements in the quality of life in Haiti will reduce future outflows of U.S.-bound illegal migrants embarking on dangerous sea journeys. Long-range U.S. interests lie in the institutionalization of genuine democratic processes and the spread of greater prosperity in the Caribbean region and the hemisphere as a whole. We are

committed to ensuring the success and efficacy of ongoing international peacekeeping and assistance efforts.

#### b) U.S. Policy Goals

The Mission Program Plan (MPP) aims to further U.S. foreign policy interests through pursuit of six goals agreed to by the leadership of all U.S. agencies at post. The MMP goals closely parallel USAID's strategic and special objectives as indicated below. The chart attached as Annex --- further details the linkages between this Agency's strategy and the overall goals of the US Mission to Haiti.

- 1) MMP: strengthen democratic institutions and political stability; USAID: SO Genuinely Inclusive Democratic Governance Attained and SpO Police Better Protect and Serve Haitians Nationwide
- 2) MMP: strengthen popular support for democracy and the rule of law through an effective, non-political police and justice system; USAID: SO Genuinely Inclusive Democratic Governance Attained
- 3) MMP: promote macro-economic stability through sound fiscal and monetary policies recognized and supported by agreements with international financial institutions; USAID: SpO Streamlined Government; SO: Sustainale Increased Income for the Poor
- 4) MMP: encourage increased private sector investment, increase opportunities for income generation, broad-based economic growth, and greater GOH commitment to regional economic integration; USAID: SO Sustainable Increased Income for the Poor
- 5) MMP: raise national welfare by stabilizing population growth rates, protecting health, increasing literacy and improving agricultural productivity and environmental management; USAID: SOs Sustainable Increased Income for Poor, Improved Human Capacity; Desired Family Size; Environmental Degradation Slowed
- 6) MMP: reduce use of Haitian territory for narcotics trafficking, basing of operations, or safe havens; USAID: SpO Police Better Protect and Serve Haitians Nationwide; SO: Genuinely Inclusive Democratic Governance Attained

#### 3. Regional Priorities (Summit of Americas Objectives)

The priorities set by the Summit of the Americas Plan of Action coincides with USAID's objective to increase incomes of Haiti's rural poor. One way to reduce poverty is to accelerate economic growth. But given Haiti's highly inequitable income distribution.

economic growth is necessary but not sufficient to reduce poverty because political and economic inequity excludes the poor from the benefits of growth. Consequently, USAID diverges somewhat from the growth model of the Plan of Action. Instead, our strategy avoids choosing between activities targeted to alleviate poverty or supporting broad-based growth, by supporting both. The programmatic details are set forth in the chart at Appendix

# 4. Agency Goals

a) USAID's Sustainable Increased Income for the Poor and Slowed Environmental Deterioration strategic objectives support two Agency Goals: broad-based economic growth achieved and environment managed for long-term sustainability, respectively.

Achievement of the USAID's income and environmental strategic objectives will create the basis for rural household income increases in the medium and long run. They support activities that improve the productivity and revenue of small farmers, microentrepreneurs, women traders, and artisans through expanded access to markets and enhanced opportunity to participate in the distribution of both inputs and outputs. The transfer of improved technologies and newly strengthened policies/institutions will contribute to the sustainability of household income increases over the long term and further increase the demand for reduced fertility rates.

Environmental activities focused on watersheds in general and hillside agriculture in particular will improve their productivity while increasing rural family income through the accelerated transfer of improved agricultural technology. Hillside erosion is fueled by the systematic deforestation caused by dire poverty and its lack of options. The proposed programmatic innovations will increase the provision of environmentally sound energy services. These environmental thrusts will be reinforced by a new organization, the Haitian Environmental Foundation (HEF). Through it and as funding from non-USAID sources materializes, USAID will address other Agency priorities (e.g., biological diversity conserved through a potential IBRD initiative), and promote economically viable innovations which mitigate pressures on global climate change (i.e., non-polluting energy sources).

b) Two other USAID strategic objectives, Achieve Desired Family Size and Increase Human Capacity, contribute to the achievement of two Agency goals "World Population Stabilized and Human Health Protected," and "Human Capacity Built Through Education and Training." The SOs contribute to the first goal through interventions which improve access to reproductive health services, child survival and HIV/AIDS prevention programs in Haiti. The majority of SO activities are focused on expanding the availability, quality and use of sustainable services. Other activities focus on improving the policy environment for service delivery, particularly family planning, and strengthening the capacity of local institutions to provide services.

The second SO supports expanded access to quality basic education for girls and women by promoting improved educational opportunities for girls and community

participation in educational decision-making. Moreover, the SO supports increased public awareness, incentives for educating girls, and the introduction of material on reproductive health and family life in school curricula. It also promotes 1) policies and institutions promoting completion of primary education; 2) improved learning environments via teacher training, better instructional materials, media and methods; 3) improved distance education; 4) community participation in educational policy and school management; 5) improved educational opportunities for girls; and 6) improved opportunities for undeserved rural populations, and other disadvantaged children.

c) More Genuinely Inclusive Democratic Governance Attained strategic objective is linked directly to USAID's overall goal: democracy and good governance. This SO will support programs to: promote meaningful political competition through free and fair electoral processes; spread the rule of law and respect for human rights; encourage the development of a politically active civil society; and foster transparent and accountable government.

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# B. Foreign Assistance History - U.S. and Other Donors

Well before the restoration of constitutional government and the return of President Aristide to Haiti in the fall of 1994, the principal donors to Haiti -- who had come to be referred to as "The Friends of Haiti" over the course of the three-year struggle against the de facto regime -- collaborated with the legitimate authorities on the development of a series of actions aimed both at immediate economic relief and at longer-term economic policy reforms. This ambitious and, for Haiti, unprecedented program of external assistance sought to: a) contribute to the reconstruction of the Haitian economy after a three-year period that had seen the country's GDP shrink by almost one third; and, b) provide the needed financing for the restoration and institutionalization of democratic government, as well as the political stability and social reconstruction crucial to the success of the transition.

Since more than half of the financing for this program was to be provided by the IBRD (IDA), the Inter-American Development Bank (IDB) and the International Monetary Fund (IMF), it was imperative that the \$81.5 million in accumulated arrears created by the de facto regime to these three international financial institutions (IFIs) first be cleared so that they could normalize their lending programs to Haiti. Presided over by the U.S. Department of the Treasury, the October 7, 1994, meeting of the Haiti Support Group for Clearance of Arrears produced pledges from Japan, Switzerland, France, Canada, Sweden, Mexico, and of course the U.S., the largest contributor with \$24.8 million. The GOH's own contribution of \$16.4 million completed the IFI arrears clearance operation, which was officially carried out in late December 1994.

An "Emergency Economic Recovery Program" (EERP), with pledges of \$US 2.2 million over three years was developed with the GOH by the IBRD, IDA, the IDB, the IMF, various United Nations agencies led by the United Nations Development Program (UNDP), the Canadian International Development Agency (CIDA) and USAID. It focused on humanitarian aid, civil works through labor intensive activities wherever possible, governance, and balance of payments support tied to a set of economic policy reforms related to public finances, money and inflation, civil service reform, privatization and international trade. Criteria in the selection of EERP interventions included: a) rehabilitation of dilapidated infrastructure, preferably in low-income areas and using labor-intensive methods; b) resumption of health, sanitary services and basic education; c) halting of environmental degradation; d) support for macroeconomic stability and private sector development; and e) reenforcement of both central government and decentralized government units.

In March 1995, the GOH finalized a Stand-by Agreement with the IMF, thereby sending a strong signal to the international donor community regarding its commitment to the economic policy reforms on which all prospects for sustained, longer-term growth in the Haitian economy were seen to depend. As a result, donors disbursed in FY 1995 a total of \$625.12 million, the United States leading the way with disbursements of \$249.99 million. Of the \$625.12 million disbursed, \$405.16 million went for sector projects, and \$219.96 million to balance of payments (BOP) support. Particular priority was directed at: a) governance (i.e. security, justice system, democratic development, including elections and

decentralization, and demobilization of the military), which absorbed \$94.86 million; b) humanitarian assistance (e.g., food aid), which accounted for \$72.45 million; and c) health, to which \$69.39 million was disbursed. Labor-intensive job creation activities, especially supported by USAID and the IBRD, along with such other social safety net operations as the IBRD/IDB-financed Economic and Social Fund (FAES, in the French acronym), and the IDA funded Employment Generation Project (EGP) contributed to economic growth and job creation, thereby helping to relieve the social and political pressures on the newly-reinstalled Aristide Administration.

Under this program, real GDP grew by 4.5 percent in FY 1995; the 12-month rate of consumer price increase was reduced to 18 percent in September 1995, as opposed to the previous September's 50 percent; and the Gourde even appreciated slightly. The central government deficit of 4.8 percent of GDP, although somewhat higher than the 4.1 percent projected under the IMF program, was more than fully-financed by the 5.4 percent of GDP in external financing. Already, however, delays had begun to be experienced in the implementation of the projects in the GOH's Investment Budget (100 percent financed by the donors), despite extensive technical assistance of various donors intended to shore up the absorptive capacity of the GOH, and even the establishment in the Office of the Prime Minister of a Central Implementation Unit to shore up the GOH's infrastructure project implementation capacity. One unintended consequence of these delays was that the overall deficit of the non-financial public sector was less than that contemplated in the IMF program.

In addition to USAID's \$249.99 million mentioned above, other major donors in FY 1995 included, in descending order, the IDB (\$78.10 million), the European Union (EU) (\$60.13 million), the IBRD (\$49.38 million), Canada (\$35.10 million), Japan (\$27.76 million), France (\$25.87 million) and the IMF (\$22.96 million), with the UN agencies and lesser bilateral donor providing the balance.

In May 1995, an agreement with its Paris Club creditors rescheduled Haiti's debt on concessional (Naples) terms which, together with other bilateral agreements, eliminated all outstanding external payment arrears. As a result, Haiti's net international reserves increased by \$115 million, as opposed to the \$45 million that had been projected. In FY 1995, real GDP grew 4.5 percent.

Although the GOH had implemented many of the contemplated structural adjustment reforms in FY 1995 the momentum was halted late in the fiscal year, as President Aristide unexpectedly changed course and expressed opposition to divestiture of public enterprises, bringing about the resignation of the government of Prime Minister Michel. By the time newly-elected President René Préval took office in February 1996, and installed Prime Minister Smarth and a GOH more in agreement with the economic reforms, considerable time had been lost, and significant resources had been foregone.

When the Smarth GOH had succeeded in putting the structural economic reform program back on track in September 1996 with the conclusion of negotiations for a three-year, \$135 million Enhanced Structural Adjustment Facility (ESAF), Haiti had seen donor

disbursements drop to \$414.61 million in FY 1996, all but \$24.65 million of which were project-related. Delays and other project implementation problems continued to limit project disbursements, which dropped in FY 1996 to \$389.96 million. Governance (\$68.45 million) and humanitarian assistance (\$67.56 million) continued to lead the way, and, promisingly, sectors requiring longer project-development leadtime saw disbursements increase substantially: transport, energy, and water and urban infrastructure combined for \$80.10 million, as opposed to \$40.90 million in FY 1995. Less positively, health and education decreased from \$86.16 million to \$50.61 million, a drop of 41 percent from one year to the next. USAID disbursements dropped to \$112.93 million for the 1996 fiscal year.

With a Central Government deficit of 8 percent of GDP, and no external financing in sight, the government of Prime Minister Werleigh (Michel's successor) had resorted to Central Bank financing, forcing the BRH to reduce its international reserves by \$40 million. As consumer price inflation increased to 20.5 percent, the gourde depreciated to almost 17 to the U.S. dollar. In FY 1996, real GDP growth dwindled to 2.0 percent.

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Table 6. DONOR PROJECTIONS VS. DISBURSEMENTS FY 1996 TO FY 1998

	FY 1996 ACTUAL	FY 1997 PROJECTIONS	FY 1997 ACTUAL	FY 1998 PROJECTIONS
USAID	112.93	76.79	101.32	128.12
EU	61.10	103.52	78.06	132.14
IDB	50.50	94.22	60.49	177.12
IDA	66.70	68.85	39.88	77.85
CANADA	34.30	36.97	39.55	44.55
ALL OTHERS	89.08	171.10	106.35	145.54
TOTAL	414.61	551.49	425.65	705.32

12	FY 1996 ACTUAL	FY 1997 PROJECTIONS	FY 1997 ACTUAL	FY 1998 PROJECTIONS
USAID	-0-	19.64	14.64	5.00
EU 1 1 1	-0-	44.38	18.92	41.07
IDB	-0-	25.00	-0-	16.00
IDA	-0-	25.00	-0-	30.00
CANADA	1.15	12.00	6.00	10.15
ALL OTHERS	23.50	86.62	21.25	63.59
TOTAL	24.65	212.64	60.81	165.81

	FY 1996 ACTUAL	FY 1997 PROJECTIONS	FY 1997 ACTUAL	FY 1998 PROJECTIONS
USAID	112.93	57.15	86.68	123.12
EU	61.10	59.14	59.14	91.07
IDB	50.50	69.22	60.49	161.12
IDA	66.70	43.85	39.88	47.85
CANADA	33.15	24.97	33.55	34.40
ALL OTHERS	<b>65.5</b> 8	84.48	85.10	81.95
TOTAL	389.96	338.81	364.84	539.51

Source: Haiti: External Financing — Indicative Commitments, Disbursements and Projections, December 1997, International Development Association. As adjusted by USAID to reflect other available data.

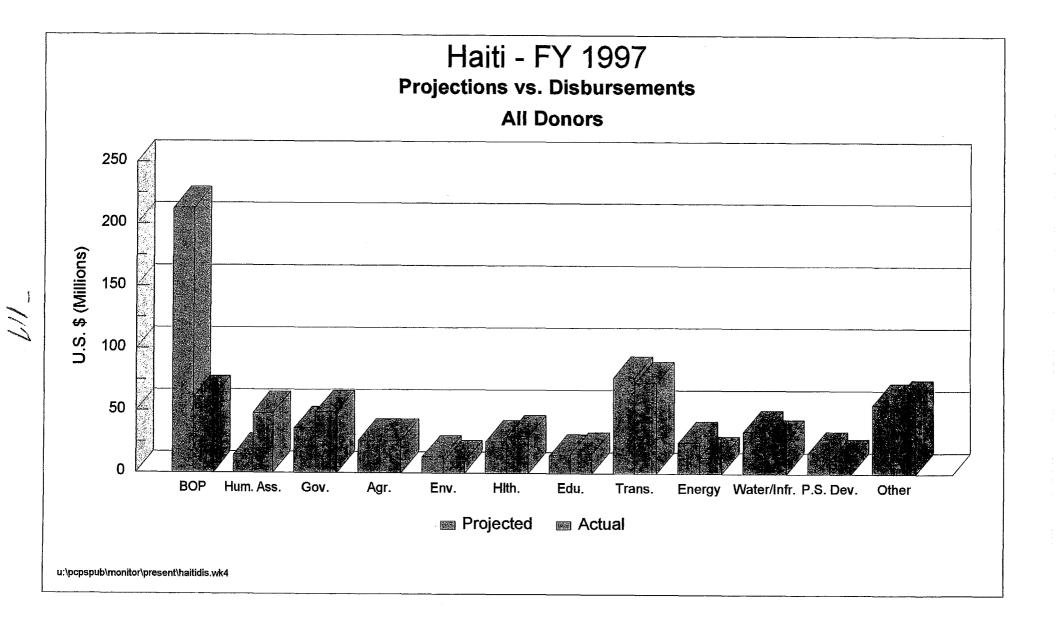
With the ESAF approved by the IMF Board in October 1996, expectations soared in the GOH and among donors for a resumption of donor disbursements like that of FY 1995. Those expectation were not realized due to: a) Parliament's inability to pass the FY 1997 budget until May 1997; b) refusal to take action on such economic reform legislation as the new Tariff Reform bill intended to bring all imports in the zero to ten percent range; and c) rejection of IFI loan agreements, d) the April 1997 elections-induced political crisis and the June 1997 resignation of Prime Minister Smarth.

Expected BOP support, tied for the most part by the donors to the economic policy reforms, the civil service reductions and other public administration reforms, and the "modernization" program, failed to materialize as condition after condition could not be met by the GOH. As opposed to the \$212.64 million in balance of payments support anticipated for the fiscal year, cash grants were barely \$39.56 million by the end of FY 1997, most of it from the European Union (\$18.92 million) and USAID (\$14.64 million). The only loan disbursed was the initial semestrial installment (\$21.25 million) of the IMF 's ESAF. With some \$20 million in amortization for external debt nevertheless having to be paid out by the BRH, the net external financing of the GOH budget was barely \$16 million in FY 1997.

Of the donor projections of \$551.49 million for FY 1997, project-related disbursements accounted for \$364.84 million, some \$26 million more than projected at the beginning of the fiscal year, but still another decrease from the previous year. For the first time in the Post-resolution period, transport, energy, and water and urban infrastructure (total: \$112.35 million) surpassed governance and humanitarian assistance (down to \$49.28 million and \$48.31 million, respectively, for a total of \$107.24 million), but such arguably crucial sectors as agriculture, health and education either stagnated or even declined.

Taking all this into account, it is no surprise that the Haitian economy grew by barely one percent in real terms in FY 1997, further lowering the per capita income of this already-poorest economy in the Western Hemisphere.

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# C. Positive Results

Strategic Objective	Results Achieved	Approximate Amount Allotted to Date
Sustainable Increase Income For the Poor (SIIP)	Foundation for economic development is being put in place based as reform measures are implemented by GOH. For instance, petroleum subsidies were eliminated; public sector wage contracts signed with the <u>de facto</u> regime were cancelled; the export surrender requirement and the remaining restrictions on imports were abolished; import tariffs were reduced; ceiling on interest rates were eliminated. Inflation declined from 52% to 15%; the privatization program has begun in earnest.	\$78,000,000
	Banks are participating in economic development efforts: two commercial bank opened its doors to the informal sector and granted to date 600 loans to small and microenterprises (one bank stated in Jacmel); two other banks will soon begin informal sector lending activities.	\$815,000
	Public-private partnerships and dialogue are taking place. Public and private interest groups have brought back cruise ships in Cap Haitien; this benefits the handicraft industry, improves city revenues, and generates jobs and foreign exchange. USAID partnered with private sector groups and the Mayor's office to determine the precise needs of the city and the best way to cooperate to reach a restored tourism industry.	\$45,000
	CLED, a leading Haitian civil society group, launched an ambitious initiative to formalize informal urban property. This activity will provide thousands of Haiti's poor with clear title to their land which they can use as collateral to access to credit. The USAID partnership with the consortium has already attracted positive national attention and support from parties concerned with land titling issues.	\$3,100,000
	On the Haitian hillsides, over 130,000 farmers are working with USAID partners to plant multipurpose trees and become familiar with sound agricultural practices. This has increased farmers income by over 20 percent. The success of this program is attributable to the ongoing involvement, over a six-year period, of farmers in the development of new methodologies to increase farm income through sound ag practices.	\$33,600,147 overlaps with Environment

Strategic Objective	Results Achieved	Approximate Amount Allotted to Date
Sustainable Increase Income For the Poor (SIIP)	Post-harvest practices have been improved. 20,000 members of Native Coffee Growers Associations are selling high quality coffee, Haitian Bleu, to specialty markets in the US for premium prices. They doubled their farm gate prices for the third consecutive year. The EU and the IDB are replicating these programs in other regions. Mango farmers in the Central Plateau tripled their sale prices. The recently launched SERVICOOP, a marketing NGO and SO customer, has been selling cacao directly to trend-setting agribusiness buyers in the U.S. Producers in the southern peninsula currently market cassava and plantain flour for higher prices.	\$7,036,052 overlaps with Environment
	Through assistance to the Presidential Commission, an improved economic framework has been developed and a comprehensive legal package of eight bills has been submitted to the President. With USAID support, the Presidential Commission has also been able to attract resources from other donors to conduct additional policy analysis, to launch a pilot vocational training center; to accelerate the liberalization of the financial sector and the development of a secondary city as a prototype of modern Haiti.	\$1,000,000
	Credit is being made available to the poor through a village banking system. Over 3000 loans (almost 100% to women) through 42 village banks in three regions; IICA, our partner in coffee-related activities, has also attracted non-USAID resources to fund village banking and family planning services to women in USAID-assisted coffee regions. An agribusiness guarantee fund has lent \$2.5 million to 12 agribusiness. This financial facility has also attracted an additional \$4.5 million from the European Investment Bank.	\$2,630,000

Strategic Objective	Results Achieved	Approximate Amount Allotted to Date
Environ- mental Degradation Slowed	USAID has had great success in producing models of sustainable agriculture and community cooperation. In our hillside programs, over 130,000 PLUS farmers and 20,000 coffee farmers have planted multipurpose and coffee trees and have begun using sound agricultural practices. These practices not only slow soil erosion, increase humidity retention, and foster community action. A \$21.5 million IBRD project currently funds the replication of USAID's model.	\$41,000,000 \$450,000
	Urban environmental interventions have also produced replicable models. In close collaboration with local public utilities and in tandem with a UNDP project, a water project has been completed in Cité Soleil. Clean water is now sold to 175,000 people through 76 community operated fountains. The proceeds are used to fund the collection of solid waste which clogs canals and leads to the flooding of sanitary waste into people's homes.  On the policy front, USAID secured ministerial support for development of the National Environmental Action Plan (NEAP). The NEAP process was employed to mobilize 93 communes to draft their first environmental plans; more than 660 grass-root NGOs have also collaborated to identify viable solutions to Haiti's pressing ecological challenges.	\$650,000

Strategic Objective	Results Achieved	Approximate Amount Allotted to Date
More Genuinely Inclusive Democratic Governance Attained	Major accomplishments include the peaceful demobilization of the Haitian Armed Forces through re-training or monetary compensation, the establishment of a 5,200 member civilian police force, on-the-job training for 360 judges and prosecutors in Port-au-Prince and eight major cities, as well as basic training courses at the Ecole de la Magistrature for over 430 judges and prosecutors. In addition, seven joint judiciary-police seminars to enhance coordination of investigations of criminal offenses between prosecutors, judges of instruction, justices of the peace and police officers took place. Currently, 60 recent law school graduates are participating in a six month pilot judicial training program to improve their understanding of the judicial and prosecutorial functions. Furthermore, over 200 judicial police were trained to work with prosecutors and judges of instruction in conducting criminal investigations. Lastly, a recently launched pilot effort in judicial mentoring has met with favorable results.  To increase access to the justice system and reinforce the rule of law, NGOs and bar associations in six cities provide legal services to poor Haitian citizens. From January 1996 to December 1997, some 14,956 Haitians have received legal assistance. USAID has provided technical assistance to the Haitian government to enable it to improve case tracking and case management techniques, particularly in criminal cases. This assistance has enabled cases to proceed more efficiently and fairly through the penal chain, resulting in a drop in the number of persons in pre-trial detention beyond the time allowed by law.  The much-lessened but still persistent problem of human rights abuse is being addressed through the reestablishment of the Human Rights Fund that initiated during the defacto period. Under the new program, nearly 150 victims of human rights abuses have received medical and other direct victim assistance. Group therapy and one-on-one coun-	

Strategic Objective	Results Achieved	Approximate Amount Allotted to Date
More Genuinely Democratic Governance Attained	seling sessions have been held with victims and their families; eight grants have been awarded to local human rights groups for civic education and advocacy efforts; a conference on Rehabilitation of Victims of Organized Violence was held and allowed Haitians to discuss openly the effects of human rights abuses on societies and individuals for the first time; and, a small pilot program (two jurisdictions) is building relations between communities and the Haitian National Police.  Elections	
	USAID assistance in this sector has achieved the following: the Presidential elections in December 1995 resulted in the first peaceful transition of power from one democratically elected President to another; a locally initiated election observer unit has formed as a result of a business group initiative received USG-financed observer training; a small but competent cadre of Haitian electoral technicians has emerged from the electoral process since 1995, as a result of training received from the USAID-financed UN and IFES technicians; in stark contrast to previous elections, the Haitian government assumed responsibility for financing approximately 75 percent of the cost of the April 1997 elections. In addition, elections are now part and parcel of the Haitian Government Budget, for the first time since the new Constitution was enacted in 1987.	
	Parliament Under the last strategy period, the Haitian Parliament has distinguished itself as an independent and increasingly responsible democratic institution. With AIDS support, major accomplishments include: assisting the Finance Commissions of both Houses with the analysis of the budgets for FY96 and FY97 and ensuring that the Commissions efficiently and thoroughly analyze future budgets; forming several support units to improve administrative structures and upgrade personnel; training staff on legislative drafting, drafting the minutes of	

Strategic Objective	Results Achieved	Approximate Amount Allotted to Date
More Genuinely Inclusive Democratic Governance Attained	proceedings, protocol and public relations; and sponsoring study tours to the U.S., Panama, Brazil and Canada to allow members and staff of both Houses to interact with counterparts and to exchange views on key issues.  Local Government USAID helped create the National Federation of Haitian. Mayors, linking 11 regional groups, which now advocates for decentralization reforms. This group received President Préval's mandate to develop essential decentralization legislation which is now pending Parliamentary action. Haiti's mayors are learning from worldwide experiences in decentralization via five seminars sponsored by USAID regarding decentralization experience from the U.S., the Philippines, Colombia and Bolivia, as well as from attending the Inter-American Conference of Mayors in Miami, to which a delegation of mayors was sent. Upon returning to their municipalities, USAID assisted the mayors, who attended the Miami conference, to organize a national town clean-up program, communal soccer championships, and other public service initiatives. Eighty five mayors and municipal employees have received training in subjects including preparation of municipal by-laws and leadership skills. Ten municipalities have benefitted from intensive technical support to identify priorities, prepare plans of action, and develop new institutional arrangements for provision of basic goods and services. Moreover, the issue of decentralization remains in the spotlight; USAID has supported public meetings of elected officials and civil society in twenty communes to inform citizens on issues of decentralization and has produced 10 national weekly radio broadcasts on decentralization.  Civil Society With USAID support, civil society groups implemented over 2,250 community projects in 113 of Haiti's 133 communes. More recently, in response to political crisis, more than 90 civil society groups from across the country have spoken out in favor of resolving the impasse. Additionally, civil society is increasingly taking stands on key policy	

Strategic Objective	Results Achieved	Approximate Amount Allotted to Date
More Genuinely Inclusive Democratic Governance Attained	sponsored two National Dialogues and a public information campaign on the issue of decentralization and participation in Les Cayes, Gonaives, and Cap-Haitien bringing together more than 500 organizations from different points of view in constructive, policy-oriented debate; conducted and published a nationwide public opinion survey on democratic values, providing essential information to civil society and government on peoples' perceptions of their relationship to government institutions and officials; trained 28 members of 12 civil society organizations from a variety of sectors (e.g. health, education, agriculture, environment, private sector, justice and human rights) in advocacy skills; provided three small grants for networking and coalition building to organizations working on women's legal rights, environmental protection, and decentralization to more effectively influence policy reforms in these areas; assisted 6,000 people to participate in civic education initiatives related to election participation, decentralization, and the role of territorial assemblies; sponsored a U.S. study tour for six representatives of civil society organizations to observe how civil society functions in a democracy, after which participants carried out civic education workshops for over 200 community leaders throughout the country.	

Strategic Objective	Results Achieved	Approximate Amount Allotted to Date
Achieve Desired Family Size	USAID's 22 NGO partners have succeeded in maintaining service delivery to 2.3 million beneficiaries nationwide, and contraceptive prevalence rates (CPR) in several program target areas are nearly double the national CPR. A social marketing program partially financed by USAID sold 7.5 million condoms in 1997 and expanded sales of oral and injectable contraceptives. USAID will launch family planning programs with an additional 20 NGO partners in early 1998.	\$4,000,000
	Child survival and maternal health indicators in USAID-financed program areas demonstrate substantial impact. Immunization coverage rates of 59 percent in USAID-financed areas compare favorably to the national rate of 40 percent. Two thirds of pregnant women in USAID-financed program areas have a provider-assisted delivery compared to the national averages of 46 percent; 61 percent of mothers treat diarrhea with ORS, double the national average of 31 percent; and almost one in five infants is exclusively breastfed for six months, against a 3 percent average nationwide. Title II food aid resources have been integrated with a full package of health interventions at participating institutions, with a 30 percent decline in chronic malnutrition within one of three Cooperating Sponsor programs.	\$5,000,000
	The Ministry of Public Health and Population (MSPP), in collaboration with health sector donors, is committed to addressing several topics of critical importance to service delivery and management including decentralization of services and decision-making; improved management of essential drugs, including contraceptives; Integrated Management of Childhood Illness (IMCI); and development of a national "master plan" for planned GOH and donor financing.	\$1,000,000

Strategic Objective	Results Achieved	Approximate Amount Allotted to Date	
Increased Human Capacity	USAID's primary education program, Incentives to Improve Basic Education (IIBE) Project, worked predominantly with the private school system to increase children's access to a higher quality and better managed elementary education. The program focused on policy dialogue and educational policy reform; institutional development, teacher diagnostics and training; and research. IIBE pioneered interactive radio instruction for math and reading; the radio pilot was evaluated favorably and is being expand under the ED 2004 project which began in September 1997.	\$2,565,873	
	USAID has supported private schools through a Cooperative Agreement with the Haitian Foundation for Private Education (FONHEP), a local NGO established by Catholic and Protestant school sectors. About half of all independent private schools, the fastest growing education sub-sector, have recently been incorporated into FONHEP. Currently more than 6,700 of Haiti's schools are organized under the FONHEP umbrella.	\$ (overlaps with above)	
	Through IIBE, USAID has also assisted public sector education. Over the past several years, USAID has funded the development of a National Education Plan (NEP) by the Ministry of Education MOE). An important component involved technical assistance to the MOE. In collaboration with the MOE, IIBE invited Haitian educators to discuss and provide inputs to the NEP at a series of regional conferences. In 1996 a census prepared of public primary schools.	\$1,536,426	

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Strategic Objective	Results Achieved	Approximate Amount Allotted to Date
Streamlining Government	Working jointly with the IFIs and other Friends of Haiti, USAID's budget support and technical assistance contributed to meaningful improvements of the macroeconomic environment. As indicated in the tax data table listed in the Macroeconomic Environment Section, tax collection has improved significantly since FY 1995 due mainly to GOH efforts to strengthen its taxable capacity and enhance the yield as well as efficiency of the Haitian tax system. At the same time, GOH spending has relatively been conservative. Increased tax collection combined with conservative GOH spending has rendered the GOH less of a borrower in the capital market. As a consequence, the GOH has not been "crowding out" private borrowers as more capital became available to the private sector at a lower cost.	\$45,000,000
	With the easing of the fiscal pressure and, thus, inflationary pressure, Bank Republic of Haiti (BRH or The Central Bank) has introduced new monetary instruments which lowered the cost of money to commercial banks and, thus, interest rates to borrowers. First, part of the legal reserves deposited by commercial banks in BRH was awarded positive nominal interest rates. Second, the Central Bank's short-term bonds were placed with commercial banks. And, third, legal reserve requirements were lowered from 53 percent of commercial banks' gourde deposits in early 1996 to 26 percent as of December 1997. Interest rate ceilings were abolished in FY 1995 by Central Bank Order. GOH-administered pricing of commodities, except for pump-level gasoline and some donor-financed food aid items, was also eliminated in FY 1996. By the same token, GOH-determined exchange rate was also abolished in FY 1995.  After a protracted debate which went on from late 1994 to October 1995, the "modernization" bill was finally signed into law on October 10, 1996. While the CMEP February 1997 modernization timetable has slipped, tangible progress was, as indicated in the Macroeconomic Environment	

Strategic Objective	Results Achieved	Approximate Amount Allotted to Date
Streamlining Government	Section, made. The state-owned flour mill was sold state-owned cement plant to a private foreign/local consortium is about to be completed. Preparations for the seaport, airport and Téléco transactions are progressing.  Tariff reform began in earnest in April 1995 and the GOH has implemented significant reforms. However, Parliament has to pass the May 1996 draft Tariff Law to enable the GOH to reach its proposed reduced rate schedules and ceiling  The Civil Service Downsizing (CSD) Law was passed by Parliament in October 1996. However, the full scale implementation of the GOH downsizing program - with projected 7,500 lay offs at the rate of 2,500 per semester for three semesters - has not yet begun since the CSD Law	\$10,000,000
	has not yet been published in the official gazette, Le Moniteur.	

#### D. Actual and Potential Sources of Conflict

The elements of USAID's strategy represent responses to the crucial social questions most likely to occasion conflict -- even violence -- in Haiti. These flashpoints must be addressed not only for their political sensitivity but also because, if not addressed, they will seriously hinder development.

1. Background. The seeds of today's poverty, insecurity and inequity were sown in 1804 when Haiti emerged from 13 years of revolution as the world's first nation of slave men and women to attain independence. Two distinct and unequal groups fought for freedom: a large number of newly freed slaves and a small class of free people of color -- including wealthy former slave owners. The freedmen fought for political and economic freedom, but the slaves fought for personal freedom from bondage. These sharply defined social distinctions - where neither class assumed responsibility for providing for the national public good - set the stage for Haiti's evolution as an independent but deeply divided society.

Following the revolution, the masses of former slaves fled the plantations to establish themselves as isolated and independent freeholders while the elite went on to assume the reins of monopolistic political and economic power from the colonial French. In this absence of positive state interventions and exploitative market relations, rural farmers devised new institutions and customs to protect themselves from the government, to regulate

access to land, labor and capital. Repressive social and political arrangements tended to foster growing rural impoverishment over time. The exclusion of rural farmers from national institutions also encouraged rural society to emerge as largely self-regulating and defensive. These social trajectories continued unchecked well into the nineteenth century, as Haiti's treatment as a pariah state following the revolution left it isolated from the rest of the world. These conditions of geographic isolation, political exclusion and social polarization remain sources for actual and potential conflict today, despite the emergence of small intermediary classes, significant internal and external migration and rapid urbanization.

#### 2. Internal Sources of Conflict

- a. Equity and Economic Growth Reforms aimed to foster economic growth by means of increased foreign and domestic private investment cannot generate income opportunities for the poor as fast as their numbers increase. Unless the poor majority experience real improvement in their lives, their support for moderate political leader will dissipate in favor of others who espouse populist rhetoric. The existing systems tend to exacerbate the inequities because the current economic system has no mechanism to transfer resources from the "haves" to the "have nots". The tax system relies mainly on regressive indirect taxes which have a disproportionate impact on the poor. The GOH's Operating Budget consists mainly of civil service salary costs with the result that the taxes of the poor are being transferred to the civil servants of the middle class, exactly the opposite of the changes needed to bring about economic equity.
- **b.** Fertility Rates Already Haiti's population is too large and poor to be supported by existing national production. The existing 2.3 percent population growth rate will lead to doubling of the population, from its present 8 million to 16 million people in just the next 30 years. This spells catastrophe for the country and will undermine investments in all sectors if the high fertility rate is not reduced.
- c. Police and Judiciary Law enforcement in Haiti is marked by inexperienced police and poorly trained judiciary. There are growing police and judiciary problems caused by large salary inequities (police receiving significantly higher salaries). Judges are sometimes in situations where police are threatening their security rather than working with them. Although most of the new police force is effective, there have been cases of police abuse of power. The judiciary has so far prosecuted one of the 33 reported cases. There is a clear risk that continued police violations and the absence of enforcement of judicial decisions could lead to levels of abuse and impunity reminiscent of past security forces. The mixed record of Haiti's fledgling police force and judiciary as well as heightened levels of insecurity constitute a clear threat to the country's democratic transition.
- d. Formal Political System The formal political system has never mediated the concerns and interest of the masses of citizens or the nation as a whole. Rather, political power has always been based on exclusion and privilege. The formal party system remains unable to effectively negotiate conflicts or broker compromise. The popular struggle to open the system to wider participation has met repression by traditional elites. People are

increasingly disinterested in elections perceiving that elected officials do not honor promises and show little interest in the needs of constituents. This lack of faith is reenforced by the fact that the state is unable to provide basic services such as water, electricity, health and education services to the people.

## 3. Impact of the Strategy on Sources of Conflict

Each of USAID's strategic and special objectives acts in some way to mitigate or reduce the potential for conflict as summarized in Table 7.

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Table 7. Impact of SOs On Internal and External Sources of Conflict

Increase Income	Increasing income generating opportunities reduces economic disparities and causes for resentment	Internal Conflict
Increase Income	rease Increasing non traditional agricultural food exports from Haiti will	
Reduce E. D.	Protect environment to reduce loss of arable land	Internal
Reduce E.D.	Reduce E.D. Increased productivity of land to arrest declining agricultural production	
Reduce Family Size	31 5	
Improve Human Capacity	Increased access to good quality education reduces socio-economic disparities	Internal
Improve Human Capacity	Improve Access to Information will enable Haitians to take Human advantage of economic opportunities	
Human		
More Strengthening civil society organ. builds constituencies that cut across traditional elite  Dem & Gov		Internal
More Inclusive Dem & Gov	Inclusive impunity	
Circumscribe Central Gov.  By reducing size of civil service GOH has more money for non-salary expenses such as investment in roads, education and health facilities		Internal
Circumscribe Central Gov.		
Strong National Police Enforcement of criminal laws and prosecution of criminals reinforces overall sense of security		Internal

# E. Customer and Partner Involvement In the Strategic Planning Process

From the beginning of the process, customers and partners of USAID's SO teams were deeply involved in developing the new strategy. Using the participatory approach, all SOs began their planning process by traveling throughout Haiti, to collect first hand information from the end users. In addition, since this Mission is very much involved in reengineering, all partners were integrated in teamwork exercises with their specific SO teams and were able to work on their strategic objectives.

Sustainable Increased Income for Poor SO: After completing the customer survey, the team incorporated those answers in its customer plan. A three-day working session was held with partners and GOH counterparts concerning agriculture and environment and the private sector to compare notes and share the information gathered in the field. During other working sessions, the SO team and partners held discussions on the Results Framework.

Environmental Degradation Slowed SO: At a later workshop to share information on the recent history of donor support to environmental NRM programs, additional group discussions took place about this SO, its IRs, and related indicators.

Achieved Desired Family Size: Team members also made several field trips and met with its customers about their needs in family planing and health. The team had previously worked during more than two months with its partners in the Haitian Task Force for Population and Reproductive Health to develop a Haitian vision for a "Cairo" initiative to reduce fertility in Haiti. Out of that process came a suggested strategy which was used to draft a proposed SO framework for the USAID mission, with the help of colleagues from Washington. During a series of working sessions with a broad range of current and potential partners in the sectors of nutrition, health, education and women's empowerment, the strategy was reviewed and input provided. Following this, a second draft was prepared and shared again with partners to ensure consensus and ownership.

Improved Human Capacity SO: This team met with partners in the education field in a workshop designed to identify critical elements in the achievement of the objective. Another week long workshop for team training identified national educational policy issues and suggested results indicators.

More Genuinely Inclusive Democratic Governance Attained SO: In mid 1997, a nationwide survey was conducted to determine democratic values among Haitians. Results of this survey were field tested through field visits in which DG staff were assisted by professional facilitators who helped the team carry out interviews, primarily with the Creole speaking Haitians. Once they came back, they had two working sessions with their contractors and partners, including mayors, parliamentarians and politicians who actively contributed in developing the ideas in the justice, civil society and political development sectors for the strategy. The meetings with partners confirmed what was found in field visits

concerning principal problems in the democracy sector. Later, in working sessions in Result Package teams with partners, the draft of the results framework was further developed. and the control of th unting to wall for the expansional Bayes with a recognition of the nordical contraction and the sec nder of thing, can be interpreted the many in a call make to inclination on a noll, jo 🍢 tradije oblika ila di pomini okaza dipuli sika nikoonomiko lieskoo Doctoromini kie kala ledit. Lijek 🧍 The make built on a steppin tand that but he had been the bill at billionia and beween the in constant granters and refreshing a block a prairie of borance fill and debt come for c regiona (deneralista) viimadiras tribus e diamas un bilante el la companya e competendo e el la la diamas di c al como la Rica da Cililia **di coministrato de** compren<mark>do d</mark>a se la comprendia a los combigas <mark>de la</mark> combigación de . Laure Egilore i contro lla coloni di con altera Gaure Egare al **pri** di Egare del la considerazioni di la contr on entitle through a language of the same of the same of the contract of the c A figuration of the more selection can be expressed as a first first problem. endr (n.a.). Ed le<mark>tter i<del>ns</del>mi</mark>nstrætik<mark>vit st</mark>a ummedtri atta ikknik brim öknaddt ekyly öld **ma**r, en ede

# F. Transition from Relief to Development Programs

This subsection reviews the lessons learned from relief and development programs in Haiti and other countries that focused on rural communities and involved local people in their design, implementation and evaluation. It is apparent that development involves more than an increased number of subprojects with longer durations. These lessons suggest that policies and institutions are also required to enhance the likelihood beneficiaries can sustain and replicate the results achieved with our assistance.

After the reinstatement of Constitutional Haitian Authorities in October 1994, the Government and donors alike instituted labor-based public works programs to create a large volume of short-term jobs and generate quick income for the poor segment of the population. They found such approach pertinent and well suited given the long period of lost income and jobs, of decapitalization of the rural and urban population and of accelerated deterioration of basic infrastructure. They used autonomous government entities and intermediary project management agencies (PVOs, NGO, or Public International Organizations) as executing agencies. Most of these intermediaries were already known by the population and in-turn relied on extensive networks of local grass root organizations, community groups, and small private contractors to implement activities.

Subprojects are the activities local entities were contracted or granted funds to implement by the intermediary management agencies. The subgrantees and subcontractors are local governments (communes and subdistricts), community groups and organizations, local institutions, community leaders and NGOs, or in some cases the central administration and ministries.

With programs such as Haiti's Emergency Relief Program, impressive tangible results were achieved, and according to the donors involved as well as the beneficiaries, these programs have as a whole fulfilled satisfactorily the objective of job creation and infrastructure rehabilitation. Effectiveness is sometimes much less satisfying in objectives related to institutional development. From a general standpoint, appropriate post-project operation and maintenance by the beneficiaries, local and national authorities is lacking to ensure the durability of the work done. Such short comings are often explained in terms of the limited timeframe to produce discernible nationwide impact at the local level.

While the use of intermediaries, subcontractors and subgrantees is necessary, lessons learned shows that sustainability of results at the local level requires consideration of the following: i) activities should be part of a coherent and comprehensive poverty reduction and action plan; ii) local level (commune or smaller) and/or community levels should be the focus of such activities; iii) participation of customers (beneficiaries) and local authorities at all levels of activity preparation process (from identification, prioritization, implementation, and post activity operation and maintenance, etc.); iv) local beneficiary capacities (organizational, financial recurrent costs, etc.) should be addressed in activity design and implementation; and institutional development support and strengthening effort should be a major focus not just a by-product; v) central administration's involvement must be continued,

with appropriate levels of coordination at the local level and appropriate modalities of participation should be identified during and after the planning stage; vi) use of local resources (community groups, local government, NGOs, private sector, etc.) should be promoted, activity management and implementation modalities should foster transparent, efficient and effective governance.

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# V. Performance Monitoring Plan of the Mission Strategic Plan

USAID Haiti has established a Monitoring and Evaluation Unit (MEU) as an integrated part of the Program Coordination and Policy Support Section (PCPS). In order to reinforce the coordinating role of PCPS, the MEU is implementing a comprehensive planning, monitoring and evaluation system to measure the Mission's performance in accomplishing its five Strategic Objectives (SOs) as articulated in USAID Haiti's Strategic Plan. This is accomplished by working closely with the SO Team Leaders (SOT) to ensure the development of appropriate and timely monitoring mechanisms and evaluation procedures.

The Mission Performance Monitoring Plan is contributing to the following results:

#### 1. Program Planning

Improved analysis of strategic objectives and activities as well as allocation of funds between strategic objectives and activities. Consistency, coherence and linkages between all SOs as well as logical articulation and internal validity among results packages, intermediate results and activities.

#### 2. Performance Monitoring

Indicators, targets and results packages are finalized in order to contribute to the attainment of the expected results that include realistic performance monitoring plans;

Data are collected and progress are tracked through preliminary analysis of targets reached for each level of result of the Mission's program strategy on a quarterly basis; Sectoral monitoring systems are in place through established protocols for data collection, storage and use.

#### 3. Program Performance Evaluation

Evaluation process is formalized and meets the needs of results package managers in compliance with revised guidance from USAID/W. Although many of USAID's grantees will continue to have a budget and responsibility for conducting evaluations of their programs, the MEU is available to provide guidance and assistance to ensure quality, timeliness and adequate dissemination of results.

#### 4. Continuous Learning

Implementation of a documenting system in close collaboration with USAID Haiti's SOTs, of good practices that lead to results, e.g. case studies highlighting best practices, success stories in order to:

a) suggest ways to improve SOTs performance in terms of process quality, service quality and customer satisfaction while achieving the desired results;

- b) document how various activities are achieving results and impact (both anticipated and unanticipated);
- c) document what factors, including management issues, design and assumptions that contribute to or hinder the SOTs performance, success, lessons learned etc.

# 5. Reporting

#### a) Related to Results Review

Availability of data to produce draft reports for the annual Mission and USAID/W-level reviews of the results framework.

In preparation of the R4, assistance to the SOTs to develop progress and monitoring reports.

# b) Monitoring and Evaluation Services

Consultations, as appropriate, to verify and make recommendations on USAID's partners' capacity to monitor, evaluate, and disseminate information on the progress and impact of USAID-funded activities.

# c) Activity, Sector and Sub-sector Evaluation and Assessments

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Grantees' evaluation procedures enhanced through consultations and assistance. Dissemination of lessons learned.

# VI. Resource Requirements

#### A. Program Funding Requirements

Starting FY 1999, USAID will begin implementation of its long-term development strategy to reduce poverty and strengthen democracy. USAID will continue existing poverty reduction projects through FY 2000, and then either extend or redesign them for the remainder of the five-year strategic period. Regardless of the level of funding available in FY 1999, USAID will focus resources on the five strategic objectives and two special objectives presented in the new strategy. However to achieve all planned objectives, USAID will require \$140 million ESF, \$20 million in Title II, and \$10 million in Title III in FY 1999, with gradual reductions in resource levels through FY 2003.

In programming proposed activities, USAID has examined three funding options for FY 1999: a baseline of \$70 million ESF; an increase of \$40 million for a total of \$110 million ESF; and an increase of \$70 million for a total of \$140 million ESF.

At the base level of \$70 million ESF, USAID would allocate \$14 million for activities to increase income for the poor. This would permit continuation, but not expansion, of assistance for microenterprise development and hillside agriculture. This level would not permit USAID to begin the secondary cities program. USAID would use \$4 million to continue activities to improve environmental policies and support community-based environmental efforts. In population, \$24.5 million would be used to expand reproductive health and child survival service delivery programs, with family planning services focused on increasing the number of female acceptors. In education, \$6 million be used to improve the quality of primary schools. There would not be adequate funding to begin the technical training program. USAID would use \$14.5 million on governance programs to promote citizen advocacy and local government development, as well as limited assistance to the Provisional Electoral Council in planning November 1998 elections. USAID would continue administration of justice activities at current levels. USAID would use \$5 million to continue support for economic reform, including re-training of civil servants dismissed under the government's downsizing effort.

A level of \$110 million ESF would permit USAID to increase funding for income-generation activities to \$26.9 million. USAID would be able to establish a Center for Applied Research on Poverty and a Parliamentary Research Service on Environmental and Economic Analysis, launch a social marketing campaign to broaden public understanding of economic and business issues, and launch the secondary cities program. USAID would use \$7 million to consolidate gains in slowing environmental degradation, support activities which address policy constraints, and establish a Haitian Environmental Fund to promote activities in energy, policy and interventions at the community level. USAID would use \$31.5 million to expand family planning and child survival services further, begin activities for men and youth, launch efforts to enhance economic opportunities for women, and begin advocacy training to improve the status of women. USAID would use \$10 million to increase the number of schools assisted in the education program, expand communication

networks, and begin the workforce development activity. USAID would use \$21 million for democracy-building efforts. USAID would initiate a small civic education program, expand local government development programs with technical assistance and small grants for public services. A pilot project in alternative dispute resolution would be started. USAID would use \$6 million to support economic reform.

At the requested level of \$140 million ESF, would use \$40.5 million shift the emphasis of the poverty reduction program from the preservation and consolidation of current benefits to customers, to the development of critical mass and momentum necessary to support rapid economic growth at the end of the five year strategy. USAID would be able to expand the "High Potential Zone" approach to three cities, create a Municipal Development Fund to improve infrastructure and services, and significantly expand the Coffee project. USAID would use \$10 million to expand environmental efforts, particularly energy-related activities. USAID would use \$35 million to support the complete package of "Cairo" strategy interventions. USAID would use \$11 million for education programs, including the full range of workforce development activities. USAID would use \$28 million for governance activities to support an intensive civic education program emphasizing citizen involvement in community initiatives, expand local government activities to provide technical assistance and training to the members of the Territorial Assemblies, expand judicial reform and legal assistance efforts, and increase efforts to strengthen the juvenile court system.

Table I shows funding levels for the last three fiscal years Table II shows the three budget options proposed for FY 1999, and assumes that ESF will be used for Haiti assistance. Table III shows the budget options by intermediate result. Table IV shows the distribution of funds through the strategic period, with most of the "field support" used for G/PHN activities and held at a constant level of \$1.7 million through the period. Tables V & VI show the financial status and timeline for current projects.

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## Table I Total Funding to USAID/Haiti FY 95 - FY 97

(\$'000)

	Activities	Post Resolution Funding FY 95	Obligations FY 96	Obligations FY 97
	Democracy	23,484	9,047	14,420
0236	Democracy Enhancement Project (DEP)	6,537	5,200	5,500
0238	Administration of Justice (AOJ)	7,447	1,750	7,750
0254	Elections Support	9,500	2,097	1,170
	Health, Food and Education	32,739	25,252	30,132
0189	Private Sector Family Planning	6,442	900	
0190	Basic Education	3,964	1,460	1,550
0206	VACS	4,773		
0218	Expanded Urban Health	2,805	1,750	
0221	Awareness and Prevention of Drug Abuse	300		
0224	AIDs Control	2,000		
0227	CLASP II	164	380	
0241	Enhancing Food Security	10,191	1,395	
0248	Health Systems 2004	2,000	10,811	11,600
0258	Enhancing Food Security II	100	8,556	12,100
0259	Education 2004			4,857
	Int'l Food Disaster Assistance			25
	Economic Growth	55,520	11,250	32,872
0191	Targeted Watershed Management	970	-	
0216	Coffee Revitalization	635	1,500	884
0217	Productive Land Use Systems (PLUS)	3,030	6,500	1,300
0222	Policy and Administrative Reform (PAR)	2,596		8,584
0223	Provincial Enterprise Development (PED)	189	1	
0250	Economic Recovery	15,000	į	
0253	Emergency Balance of Payment Support	30,000		
0256	PRET	3,000	3,250	3,754
0257	ASSET			8,350
0260	Budget Support		Ì	10,000
940-0406	Microenterprise Program	100		
	Support	65,986	25,081	9,180
0000	PD&S	896	567	495
	Arrears, Late FY 94 Obligations, etc	27,800		
<u>J</u>	ICITAP, OTI	34,166	24,014	6,500
	OYB Transfer, Field Support	3,124	500	2,185
	Total DA/ESF/POP	177,729	70,630	86,604
	P.L. 480 Title II	32,470	24,302	18,621
	P.L. 480 Title III	25,000	10,000	10,000
يعال بهاها ما دان الميسان	Grand Total	<u>235,199</u>	104,932	<u>115,225</u>

# Table II USAID/Haiti Needs by Strategic Objective FY 99 Summary Budget Scenarios (\$'000)

		FY 99	FY 99	FY 99
	Description	Base	Base + \$40 M.	Base + \$70 M.
1	Economic Support Funds (ESF)			
SO 1	Sustainably Increased Income for the Poor	14,000	26,900	40,500
SO 2	Environmental Degradation Slowed	4,000	7,100	10,000
SO 3	Achieve Desired Family Size	24,500	31,500	35,000
SO 4	Increased Human Capacity	6,000	10,000	11,000
SO 5	More Genuinely Inclusive Democratic Governance	14,500	21,000	28,000
Sp 6	(Special Objective) Streamlined Government		5,000	6,000
Sp 7	(Special Objective) Strengthened Haitian National Police	6,500	8,000	9,000
sso	Strategic Support Objective	500	500	500
	Total ESF	70,000	110,000	140,000
		1 4 th		
	P.L. 480 Title II	20,000	20,000	20,000
	P.L. 480 Title III	10,000	10,000	10,000
9	Grand total	100,000	140,000	<u>170,000</u>

Table III
USAID/Haiti Mission Strategic Plan / FY 99 Detailed Budget Scenarios with IRs

Г		FY 99	FY 99	FY 99
	Description	Base	Base + \$40 M.	Base + \$70 M.
SO 1	Sustainably Increased Income for the Poor	14,000	26,900	40,500
	- Increased Environmentally Sustainable Agricultural Productivit	9,000	8,400	9,500
	- Small- & Micro-Entrepreneurs Economically Empowe ed	3,000	6,000	7,500
	- Investment Climate Improved	2,000	1	3,500
	- Strengthened Zones of High Potential Economic Growth	0	10,000	20,000
SO 2	Environmental Degradation Slowed	4,000	7,100	10,000
	- Sustainable Energy Options Used	0	2,000	2,500
	- Policy & Institutions Protect the Environment	1,800	2,900	5,300
	- Civil Society Organizations Solving Long-Term	,	•	,
	Environmental Problems	2,200	2,200	2,200
SO 3	Achieve Desired Family Size (DFS)	24,500	31,500	35,000
	- Increased Use of Quality Child Survival and			
	Nutrition Services	9,700	10,000	11,000
	- Increased Use of Quality Reproductive Health (RH) Services	8,000	10,000	10,500
	- Improved Public Policy Environment .			
	for Reproductive Health and Child Survival Programs	1,000	1,000	1,000
	- Women Empowered to Make Reproductive Health Decisions	2,500	6,000	6,000
	<ul> <li>Youth Better Prepared for and Men More Engaged in Responsible Family Life</li> </ul>	3,300	4,500	6,500
SO 4	Increased Human Capacity (IHC)	6,000	10,000	11,000
	- Improved Quality in Primary Education	4,500	6,500	6,500
	- Provision of Educational Opportunities for Vulnerable	4,000	0,000	0,000
	School-Age Children	o	o	o
	- Improved Access to Quality Market-Oriented			
	Technical Training	0	2,000	3,000
	- Improved Access to Information	1,500	1	1,500
SO 5	More Genuinely Inclusive Democratic Governance	14,500	21,000	28,000
	- Civil Society Organizations Positively Influence Policies +			
	Oversee Public Institutions	2,000	3,000	6,000
	- Elections more Credible and participatory	3,000	4,000	5,000
	- More Responsive Governance by elected Officials	3,000	5,000	6,000
	- People Increasingly Treated According to the Rule of Law	6,500	9,000	11,000
Sp 6	(Special Objective) Streamlined Government		5,000	6,000
	- Reduced Size of Para-Public Sector		2,000	2,000
	- Reduced Size of Civil Service		3,000	4,000
	- Increased GOH Revenue			
Sp7	(Special Objective) Strengthened Haitian National Police	6,500	8,000	9,000
	- ICITAP	6,500	8,000	9,000
sso	Strategic Support Objective	500	500	500
	Program Development and Support	500	500	500
	Total ESF	70,000	110,000	140,000
	PL 480 Title II	20,000	20,000	20,000
	PL 480 Title III	10,000	10,000	10,000
	Grand Total	100,000	140,000	170,000
<u> </u>				1

## Table IV USAID/Haiti Needs by Strategic Objective Six Year ESF Funding (FY 1999 - FY 2004) (\$'000)

		FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
	Description						
	Economic Support Funds (ESF)						
SO 1	Sustainably Increased Income for the Poor	40,500	33,000	32,500	32,000	28,800	22,400
SO 2	Environmental Degradation Slowed	10,000	9,000	8,500	8,000	7,200	5,600
SO 3	Achieve Desired Family Size	35,000	29,570	29,100	28,500	25,650	19,900
SO 4	Increased Human Capacity	11,000	9,430	9,000	8,500	7,650	5,900
SO 5	More Genuinely Inclusive Democratic Governance	28,000	24,000	23,500	22,600	20,340	15,800
SpO1	(Special Objective) Streamlined Government	6,000	6,860	0	0	0	0
SpO2	(Special Objective) Strengthened Haitian National Police	9,000	7,715	7,000	0	0	0
sso	Strategic Support Objective	500	425	400	400	360	400
	Total ESF	140,000	120,000	110,000	100,000	90,000	70,000
	<u>P.L. 480 Title II</u>	20,000	20,000	20,000	20,000	20,000	20,000
	P.L. 480 Title III	10,000	10,000	10,000	10,000	10,000	10,000
	Total Funding	<u>170,000</u>	<u>150,000</u>	140,000	130,000	120,000	100,000

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#### Table V USAID/Haiti Pipeline and Mortgage Analysis (\$'000)

Strategic Objective/ Projects	Life of Project Funding	Cumulative Obligations 09/30/97	Pipeline 09/30/97	Mortgage 09/30/97	Pipeline 09/30/97	FY 98 Budget	Planned Mortgage 09/30/98
Sustainably Increased	105,003	18,353	9,907	86,650	9,907	18,500	68,150
Income for the Poor		•	•		•	•	,
- PRET	10,003	10,003	7,049	0	7,049	0	(
- ASSET	45,000	8,350	2,858	36,650	2,858	10,500	26,15
- New Economic Growth Act.	50,000			50,000		8,000	
Achieve Desired Family Size	100,000	45,057	17,656	54,943	17,656	21,000	35,64
- Health Systems	50,000	24,411	11,066	25,589	11,066	12,300	1 -
- Enhancing Food Security II - New Health Activity	50,000	20,646	6,590		6,590	7,000	•
- Field Support	N/A	N/A	N/A	N/A	N/A	1,700	N/A
Increase Human Capacity	20,000	4,857	4,854	15,143	4,854	5,000	10,14
- Education 2004	20,000	4,857	4,854	15,143	4,854	5,000	i
- New Education Activity						·	
More Genuinely Inclusive	73,380	45,608	12,519	27,772	12,519	16,000	11,77
Democratic Governance		05.004					
<ul> <li>Democracy Enhancement</li> <li>Administration of Justice</li> </ul>	31,580	25,661	6,015	5,919	6,015	4,900	i .
- New Democracy/Justice	41,800	19,947	6,504	21,853	6,504	11,100	10,75
Streamlined	38,000	23,880	10,364	14,120	10,364	9,500	4,62
Government	00.000	40.000	40.004	0.400			
- PAR - Budget Support	23,000 15,000	1 '	10,364 0	9,120 5,000	10,364 0	4,500 5,000	1 '
Strengthened Haitian	N/A	N/A	N/A	N/A	N/A	6,500	N/A
National Police - ICITAP	N/A	↑ ANA	<b>N</b> /A	N/A	<b>N</b> /A	6,500	N/A
Program Dev. & Support	N/A	N/A	N/A	N/A	N/A	500	N/A
Total o tableto sa	336,383	137,755	<u>55,300</u>	198,628	<u>55,300</u>	77,000	130,32

#### B. Discussion of FY 1999 Programming Options

Under the three FY 1999 budget scenarios, USAID contemplates the following programming options. A set of options is presented for each SO.

#### 1. Sustainable Increased Income for the Poor

#### Option One - \$14 million

The \$14 million scenario will permit the preservation and maintenance of gains that USAID has produced in two major areas: small and micro-enterprise development, and hill-side agriculture, including coffee production and marketing. In this scenario, USAID will continue to play the leading role in these areas, but will not be able to significantly expand activities, nor create significant structures to ensure a Haitian-driven expansion in the future. Building on success stories, the emphasis in agriculture will continue to shift towards the development of linkages between farmers and markets.

The hillside agricultural program (PLUS) will reflect this marketing focus and increased emphasis on farm income. Coffee activities will become a major element of this program. This funding will also allow USAID to resolve the uncertainty created by extremely tight pipelines.

#### Option Two - \$26.9 million

Under the \$26.9 million scenario, USAID will begin consolidating the institutional support elemental to the success and replication of ongoing activities, and establishing the nascent elements of organizational core necessary to sustain these activities in the future.

This funding level permits launching activities which will improve the policy framework, including the strengthening of private advocacy for a more competitive investment and income generation climate. (\$3.5 million) Activities designed to improve the policy framework will include the development of a Center for Applied Research on Poverty and a Parliamentary Research Service on Environmental and Economic Analysis. These institutions, combined with a social marketing campaign, aim at improving the understanding of fundamental economic and business issues, will serve to educate the public, disseminate information, and promote a broad-based dialogue on issues affecting the economic well-being of the citizenry; primarily the poor majority currently insufficiently informed or educated to play a pivotal role in the political milieu.

#### Option Three - \$40.5 million

The \$40.5 million scenario differs significantly from the previous two by shifting the programmatic agenda from the preservation and consolidation of current benefits to customers, to the development of critical mass and momentum necessary to support the commencement of rapid economic growth at the end of the five year strategy.

This scenario develops the High Potential Zone approach in three cities; demonstrating approaches for producing rapid economic growth in Haiti and providing three engines for economic growth in a country which now has none. (\$20 million). A wide range of activities will be implemented to transform these secondary cities into growth poles outside Port-au-Prince. The High Potential Zone approach includes the creation of a Municipal Development Fund, which builds on public-private partnerships to provide much-needed infrastructure and services to residents of HPZ regions. The HPZ approach also unifies and leverages ongoing activities to maximize potential synergies and the resulting impact on these regions. This scenario also includes a significant expansion of the Coffee project, and a resulting increase in the market for Haitian Bleu.

Under this scenario, the Mission reaches a critical mass of beneficiaries, allowing it to have an impact on economic growth at the national level. This scenario provides sufficient resources to produce a lasting and visible change in Haiti over the next six years, and more importantly, sets the stage for a Haiti that is significantly improved by the year 2020.

#### 2. Environmental Degradation Slowed

#### **Option One - \$4 Million**

The \$4 million scenario provides USAID with sufficient resources to focus its interventions in pockets where success is most likely, and to preserve gains against environmental degradation which have been made to date. Community development activities focus on areas where USAID has already developed a presence and these activities are not expanded to other regions.

Under this option, the Mission focuses its interventions on two major areas: a) institutional strengthening support for the design and implementation of environmental policy options and; b) activities and community based environmental actions to assist local community in natural resources management, with a limited focus on urban activities.

#### Option Two - \$7.1 Million

In the \$7 million scenario, USAID consolidates its gains to date in slowing environmental degradation, and funds activities which will address the policy constraints to meeting the same end.

Building on the activities described in scenario 1, the Mission provides assistance in developing the Haitian Environmental Fund, which funds pilot activities in energy, policy and interventions at the community level. The Haitian Environmental Fund is designed to promote greater involvement of communities in developing and managing solutions to the environmental challenges faced by all communities in Haiti.

#### Option Three - \$10 million

Energy lies at the heart of the long-run environmental problems which face Haiti. This small increment of funding allows the Mission to address both energy supply and demand constraints.

As with many developmental problems, energy must be addressed in a complete manner, as partial measures could simply further distort the situation and bring undesired results. Therefore, the energy component will not only address the use of charcoal, but its production. The activity will also work with local organizations and other donors to identify and promote alternative solutions to electricity production; such solutions will depend upon the efficacy of the policy component, which will work to liberalize the energy production sector.

#### 3. Achieved Desired Family Size (DFS)

#### Option One - \$24.5 Million

Increasing access to and use of quality reproductive health and child survival services and improving the policy environment for these programs will form the core of interventions funded under all budget options. Under the low budget option, family planning service delivery will be heavily focused on increasing the numbers of female acceptors, with complementary interventions targeted to youth and modest levels of financing directed to increasing male participation. Social marketing and targeted information campaigns will serve as the principal vehicles for increasing youth and male involvement. Under the low budget option, intermediate result (IR) 4, "Women Empowered to Make Reproductive Health Decisions" will be partially funded. Girl's education will receive priority under this IR, with no funding attributed to either enhancing economic opportunities for women or improving the status of women within Haitian society.

#### Option Two - \$31.5 Million

Under this budget option, all activities planned under the Strategic Objective (SO) will be funded. Modest increases in funding for family planning and child survival service delivery will permit USAID to expand the number of implementing partners, thus increasing access. Program supported activities for men and youth will receive increased attention and USAID will seek new channels for reaching these target groups at new secondary city program sites in Haiti. Activities enhancing economic opportunities for women, particularly microenterprise, and interventions directed to promoting the status of women through advocacy training will complement girl's education efforts under IR 4.

#### Option Three - \$35 Million

Under the high budget option, USAID will support the complete package of "Cairo Strategy" interventions. Financing for activities promoting increased access to child survival services will increase slightly, permitting increased attention to integrating Title II food aid with child survival programs at a larger number of sites. USAID will further expand efforts

to target men and youth. Microenterprise, women's status and girl's education will complete the package of planned activities.

#### 4. Increased Human Capacity (IHC)

#### Option One - \$6 million

In all budget options, the bulk of IHC funding will support IR 1, improved quality in primary schools. A limited activity will be launched to improve availability and use of information that will help Haitians take advantage of economic opportunities and build civic awareness, IR 4. Under this option, Improved Access to Quality Market-Oriented Technical Training, IR 3, will not be funded, so there will be no direct aid to unemployment in Haiti. IR 2, provision of educational opportunities for vulnerable school-age children, is funded by Enhancing Food Security II Activity, not included under the SO3 budget of \$6 million.

#### Option Two - \$10 million

With this budget option, all results packages activities planned under the SO will be funded. The number of schools assisted with quality improvements will increase, communication networks will be expanded and a modest work force development activity will be put in place.

#### Option Three - \$11 million

If the SO is provided with this higher option, then the work force development activities will be prepared to give support to a wider range of training options and institutions. The links between primary school quality, work force development and the availability of information can be strengthened for greater impact on unemployment in Haiti.

#### 5. More Genuinely Inclusive Democratic Governance Attained

#### Option One - \$14.5 Million

- IR 1-Civil Society Organizations Positively Influence Policies and Oversee Public Institutions. To address the uniform concern of Haitians that they are not included in political decision making and that government is unresponsive to their concerns, three strategically important activities, advocacy, civic education, and local government development will be initiated. USAID's customers, our customers and partners emphasized *genuine inclusion*. Under this option, assistance is provided to support citizens to become positively engaged to influence change.
- IR 2 Elections are More Credible and Participatory. Under the lowest budget option, USAID assist the new Provisional Electoral Council (CEP) in planning and organizing the next elections, mandated for November 1998. This will include voter registration and elections logistics planning; establishing and training local election observers; educating

the electorate in rights involved in voting; and training political parties to become more responsive to citizens' needs. A modest commodity support would be provided to the CEP.

- IR 3 More Responsive Governance by Elected Officials. Under this budget option, assistance is provided to support local officials efforts to effectively engage and involve their constituents in important public decisions. No assistance will be provided to parliament under this option.
- IR 4 People Increasingly Treated According to the Rule of Law. We assume under the low option that there will not be strong commitment to reform by the GOH. Therefore, activities under this IR would include limited training of judges, and prosecutors, an expanded legal assistance program, and activities to mobilize constituencies for reform by conducting conferences and study trips. In addition, we would fund activities to support greater respect for human rights such as efforts to help citizens work toward reconciliation by openly discussing human rights abuses of the past; support to increase the capacity of local human rights groups to act as "watch dogs" by monitoring, documenting and publicizing human rights abuses; increasing youth's awareness of human rights; and assuring that juvenile offenders have access to appropriate rehabilitation facilities.

#### Option Two - \$21 Million

- IR 1 Under the medium budget option, a modest civic education program would be initiated.
- IR 2 Under this budget option, assistance to the CEP will be increased to automate the voter registration list, expand levels of voter education and provide more in-depth training of political parties. Commodity support to the CEP would be increased slightly.
- IR 3 Assistance to local government officials will be expanded in selected municipalities to provide technical assistance and small grants for providing public services. Parliament activities would be funded which focus on improving MP communications with their constituents. Activities include funding round tables to ensure more frequent interaction between MPs and their constituents and education on new legislation.
- IR 4 If the MOJ does not demonstrate its commitment and willingness to become fully engaged in strengthening the rule of law in Haiti, USAID will continue to fund activities outlined in its low budget scenario. If, however, the MOJ moved more vigorously toward reform, funds would be provided to expand training, continue the judicial mentoring activity in four new jurisdictions, and support efforts to strengthen the judicial career path. A pilot alternative dispute resolution (ADR) effort would also be initiated.

#### Option Three - \$28 Million

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- **IR** 1- Under the high budget option, an intensive civic education program would be launched, emphasizing citizen involvement in practical, community self-help initiatives, many based around schools to involve parents, teachers, and students.
- IR 2 Under this budget option, commodity support to the CEP would be increased. Other assistance would remain at the level of the medium budget option.
- IR 3 Local government activities would be expanded to provide technical assistance and training to the members of the Territorial Assemblies. Assistance to Parliament would stay the same as the medium budget (Option Two).
- IR 4 We assume under the high option that the GOH is strongly committed to judicial reform. Activities under this scenario would include increased training for judges and prosecutors and expanding judicial mentoring activities. In addition, USAID would support the MOJ in efforts to deter unethical judicial behavior and move toward judicial independence by providing technical assistance to establish a judicial career path, increase salaries and strengthen the Conseil Superieur de la Magistrature (the entity primarily responsible for disciplining judges). In addition, USAID will fund activities designed to shorten the amount of time it takes to process cases, including case tracking and case management.

#### 6. Streamlined Government

#### Option One -- \$5.0 Million

Under this budget option, the Mission will complement funding of the activities planned at present under the SO. The \$9 million pipeline of PAR is expected to be disbursed in the next year for: (a) privatization transactions (\$3.5 million channeled through the World Bank for financial, legal and other advisory services) and related public relations campaign (\$0.9 million); (b) incremental funding for the CLED/ILD Formalization of Informal Sector Assets (\$1.5 million); (c) the initial phase of the GOH's reduction in the civil service rolls (approximately \$1.5 million); and (d) technical assistance in support of the GOH's structural adjustment initiatives. Additional resources will fully satisfy commitments related to: (a) the initial phase of the GOH's privatization program; (b) the continued retraining of separated civil servants; (c) the ongoing training for retained civil servants in support of the professionalization and modernization of the reduced civil service; and (d) dependent on indications of GOH re-commitment to structural adjustment reforms, limited support (mostly in the form of targeted technical assistance) to key entities involved in the execution of the reform program.

#### Option Two - \$6.0 Million

Under this high budget scenario, the Mission will: (a) expand its support to the planned second phase of privatization planning and transactions; (b) support the reenforcement of GOH regulatory and oversight capacities vis-à-vis privatized utilities (e.g., electricity,

telecom), thereby contributing to the establishment of a more focused and efficient GOH role in these sectors of the economy; (c) support the modernization of a reduced, yet more efficient public administration; and (d) as appropriate, continue technical assistance in support of sound macroeconomic management so as to solidify the momentum of the reforms of the previous three years.

#### C. Operating Expenses

#### 1. Current Levels

The current FY 1998 OE budget of \$4.3 million is based on the staffing ceiling and \$70 million ESF level provided by the LAC Bureau. An increase of \$141,000 has been requested for extraordinary costs incurred to date. The budget includes a 15% salary increase for the FSN staff. The exchange rate is 17 gourdes for the U.S. dollar, and the inflation rate is 10%. This budget level covers 40% of estimated non-expendable property requirements and 40% of estimated travel costs.

In FY 1999, the OE budget of \$4.4 million is based on the same staffing ceiling and \$70 million ESF level provided by the LAC Bureau. To keep OE expenses within the approved level, USAID reduced the salary increase for FSN staff from 10% to 5%, reduced non-expendable property procurement by 54%, and will keep travel to a minimum. The inflation rate was projected to be 5%. However, an inflation rate of at least 10% is expected.

For FY 2000-2004, the OE budget is based on the same staffing and funding levels approved for FY 1998 and FY 1999. The salary increase for the FSN staff is 10% and inflation factored at 10%.

#### 2. Revised Requirements

In FY 1999, with a program level increase from \$110-140 million ESF, an additional \$1 million OE funding -- for a total of \$5.4 million -- will be needed for the assignment of four new USDH, and expansion of the FSN and PSC staff. The additional costs include education allowances, office furniture and equipment, ADP equipment, operational travel, new housing and furniture, utilities, maintenance and security guards, and support staff. An additional \$100,000 is budgeted for office space. Inflation is factored at 10%. The FY 2000-2004 requirements would reflect the same staffing as FY 1999 and accompanying costs to implement the larger program. The inflation factor would remain at 10%.

#### P.L. 480 TITLE III PROGRAM

#### **Program Description**

Notable progress was accomplished toward achieving the policy reforms associated with the "Enhanced Food Security" objective of the FY 1995-1996 P.L. 480 Title III Haiti Program, especially with respect to trade liberalization: the quantitative restrictions on imports were eliminated and the maximum tariff rates, especially those on imports of basic food commodities, were significantly lowered. These actions contributed to remove the speculative distorsions that affected food prices, and thereby to optimize access to food by the working poor.

Seeking to build on that record, the current 3-year (1997-1999, \$10 million a year) Title III Program was designed to continue supporting GOH efforts at reducing food insecurity in Haiti. USAID/Haiti and the GOH reached that consensus on three grounds:

- a) per capita access to food had markedly worsened over the last 10 years, due to the steep decline in domestic agricultural production in the context of an extremely weak economy, and a rapid population growth rate estimated at 2.3 percent per year.
- b) the recognition that the complex nature of food insecurity in Haiti requires a complementary mix of policy reforms and programs in several sectors designed to have a positive impact in the short, medium, and longer terms; and
- c) as confirmed by several recent studies, including the Food Security Strategy document, the recognition that poverty is the major root cause of food insecurity in Haiti.

As a result of that consensus, the two principal objectives of the current Title III Program are to:

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- 1) Reduce Poverty; and
- 2) Reduce Population growth.

#### Relationship with the Strategic Plan

Several elements of that program and their objectives are in full consonnance with the principal objectives of the GOH Development Program and directly support the vision, goal and at least 4 of the 5 strategic objectives proposed by USAID/Haiti in its Strategic Plan for the period 1999-2004:

#### Sustainable Increased Income For the Poor & Reduce Environmental Deterioration:

- Investments of <u>local currency</u> generated by the sale proceeds of Title III commodity imports (wheat flour/grain) in the rehabilitation of rural market infrastructure in and around selected secondary cities (roads, irrigation networks, seaports etc) will provide much needed temporary employment in the short term. In turn, the rehabilitated infrastructure will create conditions that can attract private sector investments in agriculture, agro-industry, for local consumption and exports, capable of generating sustainable jobs and increase the income of the rural poor.
- Local currency investments are also earmarked for watershed management interventions on hillsides that are adjacent to the plains where irrigation networks will have been rehabilitated, using the now proven, environment friendly PLUS practices.

Joining efforts with other interested donors, USAID will continue to encourage the GOH to resume and finalize the elaboration and publication of the National Environmental Action Plan (NEAP). The NEAP is a conditionality of the FY 1995/1996 Title III Program which was beset by administrative delays and its completion was ultimately interrupted by the on-going 8-month old governmental crisis which involved the resignation of the GOH Minister of Environment.

- Title III local currency will also fund the provision of rural credit at market rates which will provide the required stimulus to unleash the substantial potential for the development and strengthening of off-farm job-creating and revenue-generating small and microenterprises, especially for women.
- These efforts will be buttressed by GOH compliance with <u>policy reform</u> measures aiming to reduce food prices through improvements in port and customs clearance processes and a reduction of specific regulatory, legal and physical constraints to private sector investment in High Potential Zones outside Port-au-Prince.

#### **Achieve Desired Family Size**

Both <u>local currency investments and policy conditionalities</u> calling for strategies and action plans in family planning and reproductive health services have been agreed upon under the current 3-year Title III Program that seek to acknowledge the magnitude of and, in the medium term, address the spiraling population growth rate and its negative impact on food security and economic growth.

#### More Genuinely Inclusive Democratic Governance Attained

Several <u>conditionalities</u> of the current Title III Program promote the development of public/private sector dialogue for the identification of constraints and/or opportunities affecting local and regional economies outside Port-au-Prince. Similarly, a relatively substantial level of <u>local currency</u> will be invested to support effective decentralization by the implementation of activities identified through advocacy and dialogue processes between local

government office holders and the active participation of civil society groups in the policy-making process. Such processes will ensure that government decisions reflect the popular will in those local constituencies.

#### **Program Performance & Status**

- a) <u>Commoditiv Imports</u> About 30,000 metric tons of wheat flour were provided under the FY 1997 tranche of the current 3-year Title III Program. For the first time, Title III commodities were monetized through the auction sales mechanism which ensured greater transparency in quantity allocations to buyers, optimal local currency generations based on local prices for wheat flour of comparable quality and origin prevailing at the time of sale as well as the recuperation of commodity and freight costs.
- Those imports also produced the double effect of: 1) helping to stabilize local wheat flour and other cereal prices, thereby maximizing access to food by the working poor; and 2) contributing to a higher level of macroeconomic stability, especially that of the Gourde, by providing a basic food commodity that Haiti would otherwise have to import with scarce foreign exchange.
- Capitalizing on the recent privatization of the national flour mill, USAID has engaged a dialogue with the GOH for the substitution in the FY 1998 and 1999 tranches of the Title III program of wheat flour in bags by wheat grain in bulk, at non-subsidized prices. Without affect to local currency generations, the switch will also provide a boost to the economy of Haiti through domestic production and supplies of such wheat by-products as semolina and millfeed that will save foreign exchange outlays and re-invigorate the local pasta and swine feed and husbandry industries.
- b) Local Currency Programming USAID and the GOH have agreed to imprint on the local currency resources generated by the earlier FY 1996 Title III program the same priorities outlined above, i.e. provision of rural credit at market rates, rehabilitation of infrastructure in selected secondary cities and their rural environment, support to decentralized governance, promotion of and support to public/private sector dialogue on and strategies and action plans to address the country's food insecurity, poverty and population growth problems, etc...
- c) <u>Conditionalities</u> Despite the absence for the last 8 months of a functionning government and a near total legislative paralysis, the GOH has shown its resolve on at least three fronts with respect to compliance with segments of the above mentioned Title III conditionalities:
- i) A private sector consortium has last month been granted a 9-year lease on land in the harbor of Gonaives, the fourth largest city in the country, to operate a seaport facility: a vessel carrying a cement cargo is expected to berth at that port in March 1998;
- ii) Although it cannot be submitted to Parliament until a new Prime Minister is ratified, the GOH has drafted and communicated to USAID draft legislation that will designate

- its P.L. 480 Title III Management Office as the sole entity entrusted with the monetization of non-U.S. bilateral food assistance programs. In the meantime, the monetization of all food aid grants to Haiti continues to be the responsibility of that office, including a very recent WFP vegetable oil grant.
- iii) The internationally recognized SYDONIA import classification system for the efficient and transparent clearance of goods from customs and ports has been put into effect February 1, 1998, with a view to reduce port and customs transaction costs and, correspondingly, food prices.

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#### FAA Section 118 and 119: Tropical Forestry/Biodiversity

#### INTRODUCTION

Section 118/119 of the Foreign Assistance Act requires that all country plans (or strategies) include an analysis of a) the actions necessary in that country to conserve biological diversity and tropical forests and b) the extent to which current or proposed USAID actions meet those needs.

#### **Current Situation in Haiti**

Haiti is not only one of the poorest nations in the Western hemisphere, but one of the most environmentally degraded. It has often been called an ecological disaster area. Less than 1.5% of its land surface is forested and each year more than 12,000 ha. of arable land is washed away. Due to demographic pressure, the needs for increased production of food crops has resulted in expanding cultivation into areas not suitable for agriculture. The decline of the world market prices for agricultural goods and farmer's inability to export products during the embargo resulted in shifting to the production of annual food crops. Perennial crops such as coffee and cocoa were cut for household energy use, the use of wood products account for 76 percent of Haiti's energy needs and exerting tremendous pressure on the remaining protective tree cover.

The remaining biodiversity and forest cover are along areas of Haiti's coasts and in parks. Environmental damage along Haiti's coasts from soil erosion, cutting of mangroves and overfishing have already resulted in reduced marine biodiversity. Of Haiti's nine National Parks, only three are considered to be important for protecting Haiti's remaining natural resource base due to their biodiversity and hydroecological value. These parks are: Park Macaya (2000 ha.), Park La Visite (2000 ha.), and Foret des Pins. Park Macaya, has a unique geological formation, with a 2,347 meter summit (Pic Macaya). Access to the park is difficult to protect it from exploitation. It is rich in biodiversity and has a wide range of fauna and flora, including some species endemic to Haiti. The Foret des Pins and Park La Visite are the only remaining pine forests in Haiti. Pine trees were once prevalent in a much larger area.

Haiti has laws that protect its natural resources, but the GOH has been unable to enforce these laws. The Ministry of Environment, now 3-years old, does not have a clear mandate. Its organic law was never approved because of the GOH intention to proceed with the civil service reform plan before finalizing the organic laws for several Ministries. The Ministry of Agriculture maintains the natural resource management function as part of their organic law but has been unable to even provide agricultural extension services. Without a stable political environment, an efficient civil service, and significant

institutional support, the GOH will not have the capability to create new laws and enforce existing laws and regulations.

#### **Environmental Activities in Haiti**

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From its inception in 1973, USAID Mission has been the leading institution working on environmental activities in the country. In 1981, the Mission launched a major reforestation program which is the forerun of the highly successful Productive Land Use Systems project, part of ASSET.

From 1986 until December 1997, USAID was one of the only institutions addressing the environment. The USAID, Targeted Watershed Management project (TWM), provided technical assistance and improved plant materials to more than 1,000,000 million farmers in Southwest Haiti and was the first hillside program focusing on the protection and management of Park Macaya. After the coup d'etat of September 1991, TWM focused on park protection, providing bridge funding to up-coming IBRD program. An indigenous NGO, UNICORS, with assistance from the Biodiversity Support Program, implemented various activities in the buffer zone and developed an approach based on farmers participation.

In 1996, the IBRD/GOH began releasing preliminary funding for the long awaited \$22.5 million dollars "Forest and Parks Protection Technical Assistance Project" in the three parks. The Ministry of Environment is the institution responsible for the implementation of the new project. The IBRD program was able to build on the successful approach that USAID developed. The objectives of the project are:

- a) initiate key activities to protect and manage the La Visite and Pic Macaya National Parks and the Pine Forest National Forest Reserve; and
- b) reduce pressure on the above-mentioned protected areas by increasing on-farm productivity and off-farm opportunities to increase income generation options conserving natural resources, and enhancing the management capacity of local organizations in the buffer areas of the three targeted areas.

The UNDP, IBRD, and Canadian Government are partners in the development of the NEAP and capacity building for the Ministry of Environment. The IBRD has proposed a follow-on agricultural project that includes a Communal Development Fund. The Canadians, French, and Dutch are also interested in the household fuel segment of energy which will have a significant impact in reducing the demand to cut trees for fuel.

### ACTIONS NECESSARY IN HAITI TO CONSERVE BIOLOGICAL DIVERSITY AND TROPICAL FORESTS

1. Technical and administrative capacity building of local institutions and government.

- 2. Development and implementation of a National Environmental Action Plan which will include forestry and biodiversity support.
- 3. Establishment of an environmental awareness program
- 4. Support for local institution implementation of natural resource management initiatives
- 5. Creation of a permanent funding source for the preservation and management of parks, forest and protected areas as well as policy reform and community action.

### THE EXTENT TO WHICH CURRENT OR PROPOSED USAID ACTIONS MEET THOSE NEEDS

With the IBRD program supporting Haiti's major parks, USAID's program as part of the Strategic Objective: "Environmental Degradation Slowed", will intervene along two axes. USAID will contribute to helping country conserve biological diversity and tropical forests by interventions promoting: Sustainable Energy Options Used and Civil Society and Government Implementing Environmental Solutions.

#### IR1: Sustainable Energy Options Used

As described in more detail in the strategy, USAID will intervene in the energy sector by supporting activities that reduce Haiti's reliance on wood fuel, promoting more rational selection and efficient use and production of fuel and promoting improved sustainable power availability. These interventions will help reduce the pressure to cut Haiti's remaining trees and will reduce the soil erosion that is devastating Haiti's coastal environment.

#### IR2: Civil Society and Government Implementing Environmental Solutions

It is essential that the capacity of key government agencies (i.e., the Ministries of Environment, Mines and Energy) and emerging civil society groups be strengthened so that they can advocate and implement changes that have a positive impact on Haiti's potential to preserve biodiversity and forest cover. USAID has resources reserved and plans to support the key Ministries. However, currently, with Acting Ministers of Environment and Agriculture and no Prime Minister, USAID has only provided targeted support to the Ministries. The finalization of a National Environmental Action Plan and follow-up on key recommendations are critical to create the needed framework for improved environmental management. Although USAID's Macaya project ended, the Mission has provided assistance to the GOH for park protection by facilitating USDA Forest Service provision of training on protecting forests against forest fires.

Support to both government and local groups will build momentum through increasing the capacity of the government to supply and increasing the demand for improved services from local organizations for the establishment of the necessary policy, administrative, and institutional setting to arrest environmental collapse. A key part of this process, is the imple-

mentation of an environmental awareness campaign and introduction of environmental educational materials into the school system.

USAID will be supporting the development, organization, and mobilization of grass-root community groups for the implementation of community solutions to problems beyond individual capacities and interests. Ravine protection, water system/sanitation management, and enforcement of local ordinances are examples of activities that could be supported. This new program will also support community tree planting activities. USAID will likely work in some communes that have an impact on Haiti's costal resources.

USAID's Agricultural program provides technical assistance to 150,000 farmers in Haiti. These farmers are taught how to conserve the soil and plant trees through on-farm nurseries (6 million trees per year).

One of the problem in sustainably protecting Haiti's environment is adequate permanent funding. The GOH fully endorses, a multidonor endowment fund. The Haitian Environmental Foundation will create a sustainable financial mechanism allowing Haitians the opportunity to strengthen local and national governmental and non-governmental institutional capacity to produce the type of results for which in the past only international NGOS received funding.

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#### ENVIRONMENTAL COMPLIANCE

#### 22 Code of Federal Regulations (CFR) 216 Issues and Schedule

#### Discussions of issues

A description of the environmental determinations for the current USAID programs' activities is in the attached table. The activities listed were evaluated as part of an initial environmental examination (IEE), required each time new activities are added to a program.

USAID is proposing 5 main and 2 special Strategic Objectives for which many new activities will be initiated. Before any new activities are implemented, a description of the new activities will be provided to the mission environmental officer (MEO) in sufficient detail so that an amended IEE can be prepared to evaluate the potential impact of new activities on the environment. Approval is then required from the country environmental officer (CEO) in USAID/W for these new activities. Program funds will be made available for additional environmental assessment requirements or to implement recommended mitigative measures, as required. Unless specifically mentioned and evaluated as part of the original program design, construction is not permitted under any of the current IEEs and requires an amendment of the IEE.

The section below presents the pending actions and issues required for each SO.

#### SO1: SUSTAINABLY INCREASED INCOME FOR THE POOR

For PRET, an amended IEE is being prepared for the PRET program to include any new activities that will be implemented in the next year that were not specifically evaluated in the preparation of the last IEE in 1995. The upgrading of markets activity was never implemented due to changes within the program's orientation.

Under the PAR program's activity involving the Formalization of Real Estate of Small Urban Property Holders, the contractor must perform an environmental study to evaluate any impacts and recommend mitigative measures for the implementation phase of the program.

Under the ASSET program, the new activities involving animals and water systems within this SO will require an amended IEE before implementation begins.

#### SO2: ENVIRONMENTAL DEGRADATION SLOWED

For Agriculturally Sustainable and Environmental Transformation (ASSET) program's community natural resource component, generic Best Management Practices (BMPs) must be submitted to the MEO and CEO for approval prior to program implementation. An amended

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IEE will be prepared for the urban program when sufficient detail is available on the type of activities to be implemented.

#### SO3: ACHIEVED DESIRED FAMILY SIZE

This SO includes two programs: HS 2004 and the EFS II. Even though the IEE for HS 2004 was classified as categorical exclusion, a mitigative measure was recommended that incinerators be purchased for the generation of medical waste. This recommendation has not been done. MEO will work with program personnel to ensure compliance. For construction activities, a negative determination was issued. Now that detailed construction plans are available, the MEO will inspect construction plans and activities to determine if the program is in compliance with the IEE. If additional environmental concerns are noted, an amended IEE may be required.

The EFSII cooperating sponsors and contractor have prepared and have begun implementing site specific BMPs as required by the IEE for warehouse operations, vehicle maintenance facilities, and productive infrastructure activities in Gonaives. Currently, one cooperator is making significant structural improvements to the vehicle maintenance facility to prevent

environmental impact. The Mission Environmental Officer will provide follow-on visits to assist the cooperators in their implementation of the BMPs.

An amended IEE is being prepared for a latrine program for two cooperators but not included in the original IEE due to insufficient information. If required, an amended IEE is also needed for any new activities not originally described in the original IEE such as solid waste collection activities including canal cleaning.

#### SO4: MORE GENUINELY INCLUSIVE DEMOCRATIC GOVERNANCE

This Strategic Objective includes three programs: the Elections Support Project (ESP), Democracy Enhancement Project (DEP), the Administration of Justice (AOJ). The IEEs for these three projects were amended in 1997 to include all activities planned at that point in time. The MEO will be making follow-on visits to the contractors to assist them to comply with the IEE recommendations listed in the table.

The IEE provided several recommendations for the DEP grant program depending on the activity (as per the table). An amended IEE is required before the establishment of a fertilizer and pharmaceutical store and the procurement or use of pesticides.

SO5: INCREASE HUMAN CAPACITY

No issues

SO6: CIRCUMSCRIBED GOVERNMENT
No issues

## SO7: STRENGTHENED HAITIAN NATIONAL POLICE FORCE No issues

#### **CROSS-CUTTING THEMES**

For the PL480 Title III program, the MEO will be making follow-on visits to the contractors to assist them to comply with the IEE recommendations listed in the table.

For the new small grants program, an IEE will be prepared:

No.	IEE Date	Project (No.)	Activities	Threshold Decision
SO: SUS	TAINAB	LY INCREASED INCO	ME FOR THE POOR	
0256	5/95	Program for the Recovery of the Economy in Transi- tion (PRET)	.Promote an enabling environment .Increasing access to financial services .Provide access to non financial services that have no direct effect on the environment	Categorical exclusion
			.Renovation and upgrade of markets  No construction or minor repairs or activities with a direct impact on the environment were planned or authorized	Conditional negative determination requiring an inspection of each market and recommended mitigative measures from the MEO.
0257	12/95	Agriculturally Sustainable system and environmental transformation (ASSET)	.Institutional Strengtening: with support for information system, TA, and training	Categorical exclusion

No.	IEE Date	Project (No.)	Activities	Threshold Decision
0257 cont.		ASSET (cont.)	.Hillside Agriculture (PLUS and COFFEE)	Positive Determination PLUS and COFFEE cooperators must continue efforts to train and use chemicals and manage operations in accordance with their respective environmental assessments and keep Material Safety Data sheets on file for any purchased chemicals.
,			.Renovation of research facili- ty or any other construction activities	Conditional Negative Determination Requires an amended IEE.
0222	4/97	Policy and Adminis- trative Reform (PAR)	.Study of the formalization of real estates of small property holders	Conditional Negative Determination requiring a study to include an evaluation of any potential environmental impacts that could result from the implementation phase as well as providing recommended mitigative measures.



No.	IEE Date	Project (No.)	Activities	Threshold Decision
SO: EN	VIRONM	ENTAL DEGRADATIO	ON SLOWED	
0257	12/95	Agriculturally Sustainable System and Environmental Transformation (ASSET)	.Institutional Strengtening: support for NEAP, TA, and training	Categorical Exclusion
	4.		.Community natural resources management: tree planting and soil conservation	Conditional Negative Determination Generic and site-specific BMP plans are required for soil conservation activities and a generic BMP for tree-planting activities. The generic plans must be approved by the CEO in LAC.
			.Urban environmental activi- ties	Deferred Determination An amended IEE is required when new activities have been designed.

No.	IEE Date	Project (No.)	Activities	Threshold Decision
SO: AC	HIEVED	DESIRED FAMILY SI	ZE	
0248	3/95	Integrated Family Health System 2004 (Health 2004)	-Policy Development and Institutional Support through TA and training -Support:education, social marketing, management -Direct delivery: National pro- gram:immunization, family planning, USAID's prevention, and nutritionFull support to health clinics	Categorical Exclusion Mitigative measure was suggested by MEO due to the generation of medical waste: solar powered incinerators were to be sup- plied to the rural health centers. CEO placed additional requirements on incinerators that they must operate at 2192°F (1200°C) for 2 seconds, safety instructions be used, and that incineration comply with new EPA standards.

No.	IEE Date	Project (No.)	Activities	Threshold Decision
		(Health 2004 cont.)	-Emergency upgrading of health facilities	Conditional Negative Determination  Rehabilitation must occur at the footprint of previous construction;  Sewer and water treatment systems shall not be reconstructed without review of MEO and site-specific mitigative measures  Earth moving shall only take place in already disturbed areas  Any questions concerning the impact of the reconstruction requires consultation with MEO and possibly an amended IEE.

No.	IEE Date	Project (No.)	Activities	Threshold Decision
0258	8/95	Enhancing Food Security II (EFS II)	Support activities: Capacity building of the GOH, PVOs and other donors; Improvement of the logistic support for food; Improvement of data  Direct activities: Food distribution/vehicle maintenance; Emergency feeding; Rehabilitation of irrigation and roads Soil conservation  Not included in IEE approval: latrines solid waste collection construction	Conditional Negative Determination . Site specific BMPs based on the approved generic BMPs must be developed for: -food warehouses and vehicle maintenance facilities -soil conservation activities -road rehabilitation -irrigation rehabilitation  An amended IEE is required for latrines, solid waste collection activities, and construction.

No.	IEE Date	Project (No.)	Activities	Threshold Decision
SO: MO	ORE GEN	UINELY INCLUSIVE	DEMOCRATIC GOVERNANC	E
0254	4/97	Elections Support Program	.Provide support to GOH for planning and implementing the technical and operational aspects of Haiti's elections .Use of disposal of printing ink	Categorical Exclusion USAID does not have control over UN procedures for use and disposal of ink.
0236	4/97	Democracy Enhance- ment Project (DEP)	Support to Local Governance, Civil Society, and Parliament .Technical Assistance .Training; .Seminars and conferences	Categorical exclusion
		Democracy Enhance- ment Project (DEP)	Grant Program: .Rehabilitation of productive infrastructure (roads, canal repair and irrigation, soil conservation)  Miscellaneous: Tree planting, small potable water systems, repair of equipment	Conditional Negative Determination requiring site specific BMPs for road, irrigation rehabilitation, and soil conservation  Negative Determination Approval to use chemicals for forestry or other activities must be approved by the MEO. No concerns for listed miscellaneous activities.

No.	IEE Date	Project (No.)	Activities	Threshold Decision
		DEP (cont.)	Building Rehabilitation/Construction Activities	Community proposals and terms of reference (TOR) for construction activities must be reviewed by MEO and engineer and should include material types, usage and storage procedures; type of heavy equipment needed and Material Safety Data Sheets (MSDS) for all chemicals; and waste disposal information. Other requirements are suggested for larger scale construction subcontracts.  Rehabilitation must occur at the footprint of previous construction;  Earth moving for reconstruction shall only take take place in already disturbed areas  Deferred determination The MEO must review the activity and amend the IEE, if required, prior implementation
			Other: .Solid waste disposal and latrines .Fertilizer and pharmaceutical stores .Other activities not specifically mentioned in the IEE	

No.	IEE Date	Project (No.)	Activities	Threshold Decision
0238	3/97	Administration of Justice (AOJ)	Rehabilitation of 60 court rooms;	Conditional Negative Determination:  Rehabilitation must occur at the footprint of previous construction;  The TOR for the construction activity and final proposal should be reviewed by the MEO and the Engineer and describe the materials types, usage and storage procedures, and types of heavy equipment needed, and methods for waste disposal  Site Specific MEO recommendations are also required and inspection reports
			. Education, training and TA for magistrature and model juridictions; . Grants to NGOs, bar associations to support delivery of legal services to Haitians.	Categorical Exclusion

No.	IEE Date	Project (No.)	Activities	Threshold Decision
0259		Education 2004	Policy and Services Activities TA training, provisions of distance education materials .Stimulation of the adoption and application of a national strategic education plan; .Implementation of survey and research activities	Categorical Exclusion
		Education 2004	No construction or minor repairs or activities with a direct impact on the environment were planned or authorized.	·

No.	IEE Date	Project (No.)	Activities	Threshold Decision
0222	4/97	Policy and Administrative Reform	.Civil service reform; .Modernization of public administration .Technical assistance for the Central Bank and other GOH institutions; .Modernization of public Enterprises; No construction or minor repairs or activities with a direct impact on the environment were planned or authorized	Categorical Exclusion

No.	IEE Date	Project (No.)	Activities	Threshold Decision					
SPO: ST	TRENGT	HENED HAITIAN NAT	TIONAL POLICE FORCE						
None	None	ICITAP	Support to Haitian National Police	Categorical Exclusion An IEE was not required because this program is a 632 agreement, for which USAID does not have any control over the details of the specific activities that have an effect on the physical and natural environment.					
CROSS-CUTTING ACTIVITIES									

No.	IEE Date	Project (No.)	Activities	Threshold Decision
0190	7/97	PL 480 Title III	.Food distribution/vehicle maintenance .Productive infrastructure: rehabilitation of irrigation, roads, drainage,embankment stabilization, and soil conservation  Building Rehabilitation/ Construction Activities	Conditional Negative Determination.  Site specific BMPs based on the approved generic BMPs must be developed for: -food warehouses and vehicle maintenance facilities -soil conservation activities -road rehabilitation -irrigation rehabilitation  Community proposals and terms of reference (TOR) for construction activities must be reviewed by MEO and engineer and should include material types, usage and storage procedures; type of heavy equipment needed, and MSDSs for chemicals used, and waste disposal information.  Rehabilitation must occur at the footprint of previous construction; Earth moving for reconstruction shall only take take place in already disturbed areas
	e sego.	and the second s		Deferred Determination

No.	IEE Date	Project (No.)	Activities	Threshold Decision
		(PL 480 Title III Cont.)	.Tree planting activities using chemicals .Solid waste disposal  .Activities with no impact on the physical environment  .New road, irrigation, and drainage systems .Construction expansion .Activities not covered herein	.MEO review of procedures and approval letter .MEO approval letter or amended IEE  Negative Determination  Deferred Determination
0263 (not yet approve d)		Appui au Renforcement des Communautes	Construction of Small Rural Infrastructures Construction of School, Health facilities, Rural water supply, Promotion of Community participation	IEE not yet prepared



### PARTICIPANTS IN THE ELABORATION OF THE STRATEGY

## A. Government

Ministry of Economy and Finance

Ministry of Planification and External Cooperation

Ministry of Agriculture

Ministry of Environment

Ministry of Health and Population

Ministry of Women Condition and Rights

Ministry of Education, Youth and Sports

Ministry of Justice

Vice Ministry for Literacy

CMEP (Council for Mondernization for Public Enterprises

# B. NON-GOVERNMENTAL

- -Konesans Fanmi
- -POZ: Promotion of Objective Zero AIDS
- -CONADEH: National Coalition for Human Development
- -ANIL: Association of Nurses
- -FOSREF: Fondation for Reproductive Health and Family

Education and their beneficiaries

- -PROFAMIL: Promotion of Haitian Family
- -AMH: Association of Haitian Medical Doctors
- -AOPS: Association of Private Health Actions
- -FONHEP: Haitian Foundation for Private Schools
- -Unions of Teachers
- -Parents and Teachers Associations
- -Parliamentarians
- -Press
- -Labor unions
- -Civil Society Leaders
- -Local Officials Organizations
- -Members of Political Parties
- Prosecutors
- -Judges
- -Justice of the Peace
- -Bankers Association
- -Business owners
- Adolescent animators
- Orphanage Operators
- Legal aid works
- -Small coffee and fruit tree producers in Cap Rouge, Fond Noël and farmer groups in other mountainous regions of Haiti

- -Entrepreneurs, artisans and credit beneficiaries
- -Men and women beneficiaries of USAID activities in both urban and rural regions

# C. PARTNERS

- -International Bank Reconstruction and Development
- -International Monetary Fund
- -Inter-American Development Bank
- -European Union
- -Canadian Agency for International Cooperation
- -French Cooperation
- -Japanese Cooperation
- -United Nations
- -PAHO: Pan American Heath Organization
- -UNICEF
- -FNUAP
- -CARE
- -CRS: Catholic Relief Services
- -ADRA: Adventist Development and Relief Agency
- -MSH: Management Science for Health
- -CHEMONICS
- -PSI: Population Services International
- -FHI: Family Health International
- -IPPF: International Planned Parenthood Federation
- -JH Piego: John Hopkins Program
- -Futures Group
- -CHECCI
- -ADF: America's Development Foundation
- -IICA
- -WINROCK
- -Pan American Development Foundation

Orgno: 521

Org. Title: USAID/Haiti

# Operating Expense Requirements Current Approved Levels for FY98 and FY99

		FY98			FY99			FY00	
	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Non-ICASS Costs ICASS/State-Provided Services ICASS/USAID-Provided Services	4,441.0 172.0		4,441.0 172.0	,		4,400.0 189.2	5,400.2 208.1		5,400.2 208.1
TOTAL BUDGET	4,613.0	0.0	4,613.0	4,589.2		4,589.2	5,608.3		5,608.3

FY98 budget is based on approved level of \$4,300 plus requested increase of \$141.

		FY01			FY02			FY03	
	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Non-ICASS Costs ICASS/State-Provided Services ICASS/USAID-Provided Services	5,644.2 228.9		5,644.2 228.9	6,086.8 251.8		6,086.8 251.8	6,500.1 277.0		6,500.1 277.0
TOTAL BUDGET	5,873.1		5,873.1	6,338.6		6,338.6	6,777.1		6,777.1

		FY04	
	Dollars	TF	Total
Non-ICASS Costs ICASS/State-Provided Services ICASS/USAID-Provided Services	7,072.8 228.9		7,072.8 228.9
TOTAL BUDGET	7,301.7		7,301.7

# Operating Expense to Match Program of \$140M

		FY98			FY99			FY00	
	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Non-ICASS Costs ICASS/State-Provided Services ICASS/USAID-Provided Services	4,441.0 172.0		4,441.0 172.0	5,388.6 197.8		5,388.6 197.8	5,912.5 217.6		5,912.5 217.6
TOTAL BUDGET	4,613.0		4,613.0	5,586.4		5,586.4	6,130.1		6,130.1

		FY01			FY02			FY03	
ig the Section	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Non-ICASS Costs ICASS/State-Provided Services ICASS/USAID-Provided Services	6,315.7 239.3	:	6,315.7 239.3	6,693.7 263.3		6,693.7 263.3	7,282.8 289.6		7,282.8 289.6
TOTAL BUDGET	6,555.0		6,555.0	6,957.0		6,957.0	7,572.4		7,572.4

		FY04	
	Dollars	TF	Total
Non-ICASS Costs ICASS/State-Provided Services ICASS/USAID-Provided Services	7,779.8 239.3		7,779.8 239.3
TOTAL BUDGET	8,019.1		8,019.1

Orgno: 521 Org. Title: USA!D/HAIT!

### WORKFORCE Level Approved by Washington

				FY98							FY99							FY00			
		USDH	OTHER			OTHER			USDH	OTHER			OTHER			USDH	OTHER			OTHER	?
FUNDING SOURCE	USDH	IDI	US	OTHER	FNDH	FN	TOTAL	USDH	IDI	US	OTHER	FNDH	FN	TOTAL	USDH	IDI	US	OTHER	FNDH	FN	TOTAL
OPERATING EXPENS	19.0		2.0	0.0	14.0	79.0	114.0	19.0		2.0	0.0	14.0	79.0	114.0	19.0		2.0	0.0	14.0	79.0	114.0
TRUST FUNDS																					
SUB TOTAL	19.0	0.0	2.0	0.0	14.0	79.0	114.0	19.0	0.0	2.0	0.0	14.0	79.0	114.0	19.0	0.0	2.0	0.0	14.0	79.0	114.0
PROGRAM FUNDED			6.0			39.0	45.0			6.0			39.0	45.0			6.0			39.0	45.0
TOTAL	19.0	0,0	8.0	0.0	14.0	118.0	159.0	19.0	0,0	8.0	0.0	14.0	118.0	159.0	19.0	0.0	8.0	0.0	14.0	118.0	159.0

		_		FY01							FY02							FY03			
		USDH	OTHER			OTHER			USDH	OTHER			OTHER			USDH	OTHER			OTHER	1
FUNDING SOURCE	USDH	_IDI_	US	OTHER	FNDH	FN	TOTAL	USDH	_IDI	US	OTHER	FNDH	FN	TOTAL	USDH	<u>IDI</u>	US	OTHER	FNDH	FN	TOTAL
OPERATING EXPENS	19.0		2.0	0.0	14.0	79.0	114.0	19.0		2.0	0.0	14.0	79.0	114.0	19.0		2.0	0.0	14.0	79.0	114.0
TRUST FUNDS																					
SUB TOTAL	19.0	0.0	2.0	0.0	14.0	79.0	114.0	19.0	0.0	2.0	0.0	14.0	79.0	114.0	19.0	0.0	2.0	0.0	14.0	79.0	114.0
PROGRAM FUNDED			6.0			39.0	45.0			6.0			39.0	45.0			6.0			39.0	45.0
TOTAL	19.0	0.0	8.0	0.0	14.0	118.0	159.0	19.0	0.0	8.0	0.0	14.0	118.0	159.0	19.0	0.0	8.0	0.0	14.0	118.0	159.0

				FY04			
		USDH	OTHER			OTHER	
FUNDING SOURCE	USDH	IDI	UŞ	OTHER	FNDH	FN	TOTAL
OPERATING EXPENS TRUST FUNDS	19.0		2.0	0.0	14.0	79.0	114.0
SUB TOTAL	19.0	0.0	2.0	0.0	14.0	79.0	114.0
PROGRAM FUNDED			6.0			39.0	45.0
TOTAL	19.0	0.0	8.0	0.0	14.0	118.0	159.0

Orgno: 521 Org. Title: USAID/HAITI

#### WORKFORCE Functional Allocation

				FY98					_		FY99							FY00			
		USDH	OTHER			OTHER			USDH	OTHER	:		OTHER			USDH	OTHER	?		OTHER	
FUNDING SOURCE	USDH	IDI	US	OTHER	FNDH	FN	TOTAL	USDH	₽DH	US	OTHER	FNDH	FN	TOTAL	USDH	IDI	US	OTHER	FNDH	FN	TOTAL
Mission Management	2.0		1.0		1.0		4.0	2.0		1.0		1.0		4.0	2.0		1.0		1.0		4.0
SO 01	2.5					11.5	14.0	1.5					6.5	8.0	1.5					6.5	8.0
SO 02	4.0				0.5	12.0	16.5	2.5				0.5	6,5	9.5	2.5				0.5	6.5	9.5
SO Ø3	3.0				3.0	20.0	26.0	1.5				2.0	17.5	21.0	1.5				2.0	17.5	21.0
SO 04	ļ .						0.0	1.5				1.5	4.5	7.5	1.5				1.5	4.5	7.5
SO 05	1						0.0	2.0					13.0	15.0	2.0					13.0	15.0
Sp 01	Ì						0.0	0.5					1.5	2.0	0.5					1.5	2.0
Sp 02	ì						0.0	1						0.0	i						0.0
sso	ĺ						0.0	0.5					0.5	1.0	0.5					0.5	1.0
Support	7.5		1.0		9.5	80.5	98.5	7.0		1.0	•	9.0	74.0	91.0	7.0		1.0	ı	9.0	74.0	
TOTAL	19.0	0.0	2.0	0.0	14.0	124.0	159.0	19.0	0.0	2.0	0.0	14.0	124.0	159.0	19.0	0.0	2.0	0.0	14.0	124.0	159.0

				FY01							FY02							FY03			
		USDH	OTHER			OTHER			USDH	OTHER	1	T -	OTHER			USDH	OTHER	t		OTHER	
FUNDING SOURCE	USDH	IDI	US	OTHER	FNDH	FN	TOTAL	USDH	ID!	US	OTHER	FNDH	FN	TOTAL	USDH	(D)	US	OTHER	FNDH	FN	TOTAL
Mission Management	2.0		1.0		1.0		4.0	2.0		1.0		1.0		4.0	2.0		1.0		1.0		4.0
SO 01	1.5					6.5	8.0	1.5					6.5	8.0	1.5					6.5	8.0
SO 02	2.5				0.5	6.5	9.5	2.5				0.5	6.5	9.5	2.5				0.5	6.5	9.5
SO 03	1.5				- 2.0	17.5	21.0	1.5			-	2.0	17.5	21.0	1.5				2.0	17.5	21.0
SO 04	1.5	4		_	1.5	4.5	7.5	1.5				1.5	4.5	7.5	1.5				1.5	4.5	7.5
80 05	2.0				200	13.0	15.0	2.0	•.				13.0	15.0	2.0		1.1			13.0	15.0
Sp 01	0.5	~ +	er en en en		- : "	1.5	2.0	0.5					1.5	2.0	0.5					1.5	2.0
Sp 02	ì						0.0	1						0.0	1						0.0
SSO	0.5					0.5	1.0	0.5					0.5	1.0	0.5					0.5	1.0
Support	7.0		1.0		9.0	74.0	91.0	7.0		_1.0		9.0	74.0	91.0	7.0		1.0		9.0	74.0	91.0
TOTAL	19.0	0.0	2.0	0.0	14.0	124.0	159.0	19.0	0.0	2.0	0.0	14.0	124.0	159.0	19.0	0.0	2.0	0.0	14.0	124.0	159.0

				FY04			
		USDH	OTHER			OTHER	
FUNDING SOURCE	USDH	iDi	US	OTHER	FNDH	FN	TOTAL
Mission Management	2.0		1.0		1.0		4.0
SO 01	1.5			•		6.5	8.0
SO 02	2.5				0.5	6.5	9.5
SO 03	1.5				2.0	17.5	21.0
SC 04	1.5				1.5	4.5	7.5
SO 05	2.0					13.0	15.0
Sp 01	0.5					1.5	2.0
Sp 02	1						0.0
SSO	0.5					0.5	1.0
Support	7.0		1.0		9.0	74.0	91.0
TOTAL	19.0	0.0	2.0	0.0	14.0	124.0	159.0

Other US includes PSCs, PASAs, RSSAs, Fellows, and all other categories reportable in the quarterly mission staffing pattern FNDH and FNPSC includes both host country and third country nationals

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Orgno: 521 Org. Title: USAID/HAITI

# WORKFORCE Increased Level to Match Program Options 2 and 3

				FY98							FY99							FY00			
		USDH	OTHER	2		OTHER			USDH	OTHER			OTHER			USDH	OTHER			OTHER	
FUNDING SOURCE	USDH	1DI	US	OTHER	FNDH	FN	TOTAL	USDH	<b>ID</b> i	US	OTHER	FNDH	FN	TOTAL	USDH	IDI	US	OTHER	FNDH	FN	TOTAL
OPERATING EXPENSE TRUST FUNDS	19.0		2.0	0.0	14.0	79.0	114.0	23.0		2.0	0.0	14.0	91.0	130.0	23.0		2.0	0.0	14.0	91.0	130.0
SUB TOTAL	19.0	0.0	2.0	0.0	14.0	79.0	114.0	23.0	0.0	2.0	0.0	14.0	91.D	130.0	23.0	0.0	2.0	0.0	14.0	91.0	130.0
PROGRAM FUNDED			6.0			39.0	45.0			9.0	2.0		46.0	57.0			9.0	2.0		46.0	57.0
TOTAL	19.0	0.0	8.0	0.0	14.0	118.0	159.0	23.0	0.0	11.0	2.0	14.0	137.0	187.0	23.0	0.0	11.0	2.0	14.0	137.0	187.0

				FY01							FY02							FY03			
		USDH	OTHER	1		OTHER			USDH	OTHER			OTHER			USDH	OTHER			OTHER	
FUNDING SOURCE	USDH	IDI	US	OTHER	FNDH	FN	TOTAL	USDH	IDI	US	OTHER	FNDH	FN	TOTAL	USDH	IDI	US	OTHER	FNDH	FN	TOTAL
OPERATING EXPENSE	23.0		2.0	0.0	14.0	91.0	130.0	23.0		2.0	0.0	14.0	91.0	130.0	23.0		2.0	0.0	14.0	91.0	130.0
TRUST FUNDS														1							
SUB TOTAL	23.0	0.0	2.0	0.0	14.0	91.0	130.0	23.0	0.0	2.0	0.0	14.0	91.0	130.0	23.0	0.0	2.0	0.0	14.0	91.0	130.0
PROGRAM FUNDED			9.0	2.0		46.0	57.0			9.0	2.0		45.0	56.0			9.0	2.0		45.0	56.0
TOTAL	23.0	0.0	11.0	2.0	14.0	137.0	187.0	23.0	0.0	11.0	2.0	14.0	136.0	186.0	23.0	0.0	11.0	2.0	14.0	136.0	186.0

				FY04			
		USDH	OTHER			OTHER	
FUNDING SOURCE	USDH	IDI	US	OTHER	FNDH	FN	TOTAL
OPERATING EXPENSE TRUST FUNDS	23.0		2.0	0.0	14.0	91.0	130.0
SUB TOTAL	23.0	0.0	2.0	0.0	14.0	91.0	130.0
PROGRAM FUNDED			9.0	2.0		45.0	56.0
TOTAL	23.0	0.0	11.0	2.0	14.0	136.0	186.0

Orgno: 521 Org. Title: USAID/HAIT!

#### WORKFORCE Functional Allocation

				FY98							FY99							FY00			
		USDH	OTHER	!		OTHER			USDH	OTHER			OTHER			USDH	OTHER			OTHER	
FUNDING SOURCE	USDH	IDI	US	OTHER	FNDH	FN	TOTAL	USDH	IDI	US	OTHER	FNDH	FN	TOTAL	USDH	IDI	US	OTHER	FNDH	FN	TOTAL
Mission Management	2.0		1.0		1.0		4.0	2.0		1.0		1.0		4.0	2.0		1.0		1.0		4.0
SO 01	2.5					11.5	14.0	2.5				0.5	9.0	12.0	2.5				0.5	9.0	12.0
SO 02	4.0				0.5	12.0	16.5	2.5					8.0	10.5	2.5					8.0	10.5
SO 03	3.0				3.0	20.0	26.0	1.5	1.0		2.0	2.0	17.5	24.0	2.5			2.0	2.0	17.5	24.0
SO 04	·						0.0	2.5				1.5	6.5	10.5	2.5				1.5	6.5	10.5
SO 05	ı						0.0	3.0					14.0	17.0	3.0					14.0	17.0
Sp 01	1						0.0	0.5					3.0	3.5	0.5					3.0	3.5
Sp 02							0.0							0.0							0.0
SSO	1						0.0	0.5					0.5	1.0	0.5					0.5	1.0
SUPPORT OFFICE	7.5		1.0		9.5	80.5	98.5	7.0		1.0		9.0	87.5	104.5	7.0		1.0		9.0	87.5	104.5
TOTAL	19.0	0.0	2.0	0.0	14.0	124.0	159.0	22.0	1.0	2.0	2.0	14.0	146.0	187.0	23.0	0.0	2.0	2.0	14.0	146.0	187.0

				FY01							FY02							FY03			
		USDH	OTHER			OTHER			USDH	OTHER	-		OTHER			USDH	OTHER			OTHER	
FUNDING SOURCE	USDH	IDI	US	OTHER	FNDH	FN	TOTAL	USDH	IDI	US	OTHER	FNDH	FN	TOTAL	USDH	IDI	US	OTHER	FNDH	FN	TOTAL
Mission Menagement	2.0		1.0		1.0		4.0	2.0		1.0		1.0		4.0	2.0		1.0		1.0		4.0
SO 01	2.5				0.5	9.0	12.0	2.5				0.5	9.0	12.0	2.5				0.5	9.0	12.0
SO 02	2.5					8.0	10.5	2.5					8.0	10.5	2.5					8.0	10.5
SO 03	2.5			2.0	2.0	17.5	24.0	2.5			2.0	2.0	17.5	24.0	2.5			2.0	2.0	17.5	24.0
SO 04	2.5				1.5	6.5	10.5	2.5				1.5	6.5	10.5	2.5				1.5	6.5	10.5
SO 05	3.0					14.0	17.0	3.0					14.0	17.0	3.0					14.0	17.0
Sp 01	0.5					3.0	3.5	0.5					2.0	2.5	0.5					2.0	2.5
Sp 02	1						0.0							0.0							0.0
SSO	0.5					0.5	1.0	0.5					0.5	1.0	0.5					0.5	1.0
SUPPORT OFFICE	7.0		1.0		9.0	87.5		7.0		1.0		9.0	87.5	104.5	7.0		1.0		9.0	87.5	104.5
TOTAL	23.0	0.0	2.0	2.0	14.0	146.0	187.0	23.0	0.0	2.0	2.0	14.0	145.0	186.0	23.0	0.0	2.0	2.0	14.0	145.0	186.0

				FY04			
	T	USDH	OTHER			OTHER	
FUNDING SOURCE	USDH	ID!	US	OTHER	FNDH	FN	TOTAL
Mission Management	2.0		1.0		1.0		4.0
SO 01	2.5				0.5	9.0	12.0
SO 02	2.5					8.0	10.5
SO 03	2.5			2.0	2.0	17.5	24.0
SO 04	2.5				1.5	6.5	10.5
SO 05	3.0					14.0	17.0
Sp 01	0.5					2.0	2.5
Sp 02	1						0.0
sso	0.5					0.5	1.0
SUPPORT OFFICE	7.0		1.0		9.0	87.5	104.5
TOTAL	23.0	0.0	2.0	2.0	14.0	145.0	186.0

Other US includes PSCs, PASAs, RSSAs, Fellows, and all other categories reportable in the quarterly mission staffing pattern FNDH and FNPSC includes both host country and third country nationals



# **COMMON OBJECTIVES**

Development Assistance Committee (DA) of the Organization for Economic Co-operation and Development (OECD), United States Agency for International Development in Haiti (USAID/Haiti), and the Government of Haiti (GOH)

DA GOALS	USG NATIONAL INTERESTS	SUMMIT OF THE AMERICAS	GOH TARGETS	USAID/HAITI TARGETS
, , , , , , , , , , , , , , , , , , , ,	II. ECONOMIC PROSPERITY 6. Promote broad-based economic growth in developing and transitional economies	III. ERADICATING POVERTY AND DISCRIMINATION 19. Encouraging microenterprises and small businesses	- A reduction by one-half in the proportion of people living in extreme poverty, from 19.5 in 1994 to 9.8 by year 2000.	SO# sustainable Increased Income for Poor - Over 20,000 microentrepreneurs triple their income by 2004.
- Universal primary education in all countries by 2015.		III. ERADICATING POVERTY AND DISCRIMINATION 16. Universal access to education	- Improve quality of primary education by year 2000 Reduce to the school repetition rates - Reduce illiteracy rates from in to in	SO: Improved Human Capacity
- Demonstrated progress toward gender equality end the empowerment of women by eliminating gender disparity in primary and secondary education by 2005.			- Reduce female illiteracy rate from in to in - Reduce rural women illiteracy rate from in toin	SO: Improved Human Capacity
- A reduction by two-thirds in the mortality rates for infants and children under age 5 by 2015.		III. ERADICATING POVERTY AND DISCRIMINATION 17. Equitable access to basic health services III. ERADICATING POVERTY AND DISCRIMINATION 17. Equitable access to basic health services	- Reduction by one-third in the mortality rates for infants (from to) by year  - Reduction by infant and under-five mortality in the provinces with the highest rates of mortality Prevalence in chronic malnutrition reduced from in to in	SO: Achieved Desired Family Size Reduction in under five mortality from 131 deaths per 1000 live births in 1995 to 108/1000 by year 2004 Reduction in prevalence of chronic malnutrition in children under five from 27% in 1997 to 20% by 2004 (program supported areas) - Increase in percentage of children age 12-23 months immunized against measles from 59% in 1997 to 83% by year 2004 (program supported areas)
- A reduction by three-fourths in maternal mortality by 2015.	esto por esto. La constanta La constanta de la constanta de		- Reduction to less than by year	SO: Achieved Desired Family Size - Reduction to deaths per 100,000 live births by year
- Access through the primery health- care system to reproductive health services for all individuals of appropriate ages as soon as possible and no later than year 2015.	VII. GLOBAL ISSUES 16. Protect human health and reduce the spread of infectious diseases. 15. Stabilize World Population		- Access of the extremely poor to health systems will increase fromin to by year Reach a coverage of modern contraceptives to at least of women in reproductive age, and at least of women in union by year 2000 <sup>4</sup> .	- Reduction in total fertility rate from 4.8 in 1995 to 4.0 by year 2004.



DA GOALS	USG NATIONAL INTERESTS	SUMMIT OF THE AMERICAS	GOH TARGETS	USAID/HAITI TARGETS
ing spirit in spirit Landa in careero yn estralig i de laad gan Laar sti	VII. GLOBAL ISSUES 14. Secure a sustainable global environment in order to protect the US and its citizens from the effects of international environmental degradation	IV. GUARANTEEING SUSTAINABLE DEVELOPMENT AND CONSERVING OUR NATURAL ENVIRONMENT FOR FUTURE GENERATIONS 21. Partnership for sustainable energy use 22. Partnership for biodiversity 23. Partnership for pollution prevention	GOHs agenda includes:  - Establishment of a national environmental management system, including an environmental fund and a national environmental information system.  - Legislation on the use of natural resources and adoption of participatory management for protected areas.  - Promotion of clean technologies and pollution prevention practices.  - Establishment of environmental arbitration procedures.  - Environment subjects in school and university curricula.	SO: Environmental Degradation Slowed - GOH will have established and be implementing the new national environmental plan developed with the full participation and support of the public and private sectors by year 2004 Areas in protected watersheds increased by% - Wood/ Charcoal consumption reduced by 280,000 tons by 2004
Qualitative Factors to Achieve the Goal				
- Capacity development for effective, democratic and accountable governance	V. DEMOCRACY 12. Increase foreign government adherence to democratic practices and respect for human rights.	I. PRESERVING AND STRENGTHENING THE COMMUNITY OF DEMOCRACIES OF THE AMERICAS 1. Strengthening Democracy 3. Invigorating society and community participation 5. Combating corruption	- Eliminate corruption, and improve transparency Enhance community participation in democracy	Governance
- Protection of human rights.		I. PRESERVING AND STRENGTHENING THE COMMUNITY OF DEMOCRACIES OF THE AMERICAS 2. Promoting and protecting human rights	- Improve protection of human rights through the Judicial system	SO: More Genuinely Inclusive Democratic Governance - Promote the awareness and protection of human rights Strengthen the capacity of human rights organizations to monitor and document abuse,
- Respect of the rule of law.			- Increase access of the poor to the justice system Improve justice system.	SO: More Genuinely Inclusive Democratic Governance - Increase user satisfaction with the courts to 35% by 2004 - Confidence in the Justice System will increase to 40% by 2004.
				Special Bilateral Objectives
	IV. LAW ENFORCEMENT  10. Reduce significantly from 1997 levels, the entry of illegal drugs into the US.	I. PRESERVING AND STRENGTHENING THE COMMUNITY OF DEMOCRACIES OF THE AMERICAS 6. Combating the problem of illegal drugs and related crimes	₹	SPECIAL OBJECTIVE: Strengthened Haitian National Police

UNCLAS

ACTION: AID-2 INFO: DCM-1 AMB-1

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ADM AID

E.O. 12958: N/A

TAGS:

SUBJECT: FX 95-98 USAID/HAITI R4--MANAGEMENT CONTRACT

ADM AID

- 1. SUMMARY. AA/LAC MARK L. SCHNEIDER COMPLIMENTED THE USAID/HAITI (USAID/H) MISSION ON THE R4 DOCUMENT PRESENTATION AND PROGRAM ACCOMPLISHMENTS MADE OVER THE REPORTING PERIOD DESPITE MAJOR POLITICAL AND FUNDING CONSTRAINTS. THE PRINCIPAL DAEC ISSUE DISCUSSED RELATED TO CIVIL SERVICE REFORM, ITS IMPLEMENTATION, AND ITS ROLE IN DEMOCRATIZATION. (SEE PARA 5A.) A SECOND ISSUE CONCERNED FOOD SECURITY. THE MISSION AGREED TO INTEGRATE A FOOD SECURITY STRATEGY INTO ITS NEW STRATEGIC PLAN (SP). EFFORTS TOWARD REENGINEERING AND TRACKING PERFORMANCE WERE NOTED. THE MISSION'S CURRENT TRANSITION STRATEGY WAS DEEMED APPROPRIATE. INITIAL GUIDANCE FOR THE NEW USAID/H LONGER-TERM STRATEGY TO BE PRESENTED IN SPRING 1997 WAS PROVIDED THROUGHOUT PROGRAM WEEK AND REAFFIRMED DURING THE DAEC REVIEW. (SEE PARA 6.) THE MISSION ADDRESSED ALL OUTSTANDING ISSUES FROM LAST YEAR'S HAITI ACTION PLAN DAEC REVIEW, ALTHOUGH IT WAS RECOGNIZED THAT ADEQUATE INTEGRATION OF GENDER CONCERNS HAS NOT YET BEEN FULLY ACHIEVED. THE 1995-98 R4 WAS APPROVED, WITH FINAL BUDGET GUIDANCE TO FOLLOW. END SUMMARY.
- 2. INTRODUCTION. DURING HAITI PROGRAM WEEK, APRIL 11-APRIL 18, 1996, A SERIES OF FORMAL, SCHEDULED MEETINGS CONSIDERED DEVELOPMENT OBJECTIVES, INDICATORS OF PROGRESS TOWARD MEETING THOSE OBJECTIVES, RESOURCE REQUIREMENTS, EXPERIENCE WITH REENGINEERING, AND A BROAD RANGE OF PROGRAM ISSUES. OTHER TOPICS SUCH AS PERFORMANCE INDICATORS AND GENDER WERE EXAMINED IN INFORMAL MEETINGS OR DURING DISCUSSIONS AMONG MISSION REPRESENTATIVES AND STAFF MEMBERS OF VARIOUS AID/W OFFICES. THE R4 ISSUES REVIEW MEETING WAS HELD ON APRIL 16, 1996, FOLLOWED BY THE

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DEVELOPMENT ASSISTANCE EXECUTIVE COMMITTEE (DAEC) REVIEW ON APRIL 18. THIS CABLE OUTLINES MAJOR ELEMENTS OF DISCUSSION AND DECISIONS REACHED AT THOSE MEETINGS.

- 3. THE DAEC REVIEW OF THE USAID/H R4 FOR FY 95-98 WAS CHAIRED BY AA/LAC MARK L. SCHNEIDER. REPRESENTATIVES OF STATE, PEACE CORPS AND USAID'S LAC, BHR, G, M, AND PPC ATTENDED. MISSION DIRECTOR LAWRENCE CRANDALL AND PROGRAM OFFICER GARY IMHOFF REPRESENTED USAID/H.
- 4. IN HIS OPENING STATEMENT THE MISSION DIRECTOR DESCRIBED THE DIFFICULTIES OF IMPLEMENTING A POLITICALLY VISIBLE TRANSITION AGENDA. HE ALSO OUTLINED THE IMPRESSIVE ACCOMPLISHMENTS IN 1995-96: FIVE SUCCESSFUL ELECTIONS AND A PEACEFUL TRANSITION OF PRESIDENTIAL POWER; REDUCTION IN MALNUTRITION RATES; INCREASED AGRICULTURAL PRODUCTIVITY; AND INCREASED NUMBER OF LOANS TO ENTREPRENEURS. THE MAJOR DEVELOPMENTAL CHALLENGES IN HAITI ARE THE CONSTITUTIONAL STRENGTHENING OF THE GOVERNMENT OF HAITI (GOH) AND OVERALL ECONOMIC GROWTH AND EMPLOYMENT OPPORTUNITIES.
- 5. THE DAEC THEN PROCEEDED TO A DISCUSSION OF THE ISSUES. SUGGESTIONS AND GUIDANCE WERE PROVIDED, AS NOTED IN THE FOLLOWING PARAGRAPHS:
- A. IT WAS NOTED THAT THE UNTIMELY RECEIPT OF FUNDS, AS A RESULT OF EARLIER CONTINUING RESOLUTIONS TO BUDGET APPROPRIATIONS AND THE DOLE AMENDMENT REQUIREMENTS, HAS HAD AN ADVERSE EFFECT ON USAID PROGRAM PERFORMANCE. TO DATE, THE MISSION'S ABILITY TO REACH MANY OF ITS INTERMEDIATE TARGETS HAS BEEN SEVERELY AFFECTED BY THE LACK OF TIMELY FUNDING FOR PLANNED ACTIVITIES. IN MOST CASES, ALL OF THE PREPARATORY WORK TO MEET 1995 TARGETS HAD BEEN DONE, AND IT WAS ONLY THE UNAVAILABILITY OF FUNDS WHICH PROHIBITED ACHIEVEMENT OF PLANNED RESULTS.
- B. CIVIL SERVICE REFORM. THE MISSION DIRECTOR NOTED THAT STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE GOH IS AN ESSENTIAL PRE-CONDITION TO HAITI'S SUSTAINABLE

DEVELOPMENT. THE MISSION WILL CONTINUE ITS POLICY DIALOGUE WITH THE GOH AS IT BUILDS THE AGENDA FOR REFORM EFFORTS. IN ORDER TO SUPPORT THE GOH'S ABILITY TO GOVERN AND REFORM, THE WORLD BANK IS DEVELOPING A STRUCTURAL ADJUSTMENT PROGRAM THAT WILL ADDRESS GOH EFFICIENCY AND EFFECTIVENESS. REDUCTION OF THE GOVERNMENT WAGE BILL WILL BE AN IMPORTANT ASPECT OF THE PLAN. THE AA/LAC STATED THAT CIVIL SERVICE REFORM WILL PROMOTE DEMOCRACY IN HAITI AS THE REFORM ITSELF WILL DEMONSTRATE INCREASED GOH POLITICAL WILL, STIMULATE PARTICIPATION AND TRANSPARENCY, ENHANCE ACCOUNTABILITY, AND REDUCE CORRUPTION.

IT WAS NOTED THAT, AT THIS TIME, THE POLICY AND ADMINISTRATIVE REFORM (PAR) ACTIVITY IS THE LIKELY VEHICLE FOR FUNDING CIVIL SERVICE REFORM. ALSO, IF BALANCE-OF-PAYMENTS SUPPORT IS PROVIDED, IT MAY BE USED TO GENERATE LOCAL CURRENCY TO FUND CIVIL SERVICE REFORM ACTIVITIES.

IT WAS ACKNOWLEDGED THAT CIVIL SERVICE REFORM WILL BE A MULTI-DONOR EFFORT. AS SUCH, THE MISSION MUST CONTINUE ITS EFFORTS TO INTEGRATE ANY CIVIL SERVICE PROGRAM FUNDED BY USAID WITH PROGRAMS OF OTHER DONORS, SPECIFICALLY IBRD, IDB, AND THE UNDP. LAC/W LOOKS FORWARD TO LEARNING MORE ABOUT THIS PROPOSED ACTIVITY AS IT DEVELOPS.

C. FOOD SECURITY. THE AA/LAC ENCOURAGED EFFORTS TO ADDRESS FOOD SECURITY ISSUES AS PART OF THE NEW MISSION STRATEGY EXERCISE EXPECTED TO BE INITIATED IN DECEMBER 1996 OR JANUARY 1997. (SEE GUIDANCE IN PARA 6B.) THE MISSION CITED VARIOUS CONCERNS ABOUT FOOD SECURITY IN HAITI. DUE TO THE LONG-STANDING NATURE OF U.S. FOOD AID IN HAITI, THE COUNTRY'S TRANSITION AS A FLEDGLING DEMOCRACY, AND THE HIGH UNEMPLOYMENT RATE, PROGRAM REDUCTIONS COULD HAVE SIGNIFICANT POLITICAL IMPACT AND MIGHT EVEN INCITE SOCIAL UNREST. THE GOH, WHICH SUPPORTS FOOD AID AND HAS SHOWN INTEREST IN INCREASED LEVELS, WOULD BE CONCERNED BY ABRUPT CHANGES IN U.S. FOOD AID PROGRAMS. THE MISSION COMMENTED THAT IN ITS ON-GOING DIALOGUE WITH THE GOH AND PVOS, IT WILL EMPHASIZE, NONETHELESS, U.S. BUDGET REALITIES AND POSSIBLE FUTURE REDUCTIONS IN FOOD ASSISTANCE.

THE AA/LAC PRAISED THE MISSION FOR THE POSITIVE IMPACT OF FOOD AID PROGRAMS ON THE HAITIAN PEOPLE'S LIVES. HE CITED THE FOLLOWING EXAMPLES OF ACHIEVEMENTS: THE INCIDENCE OF MALNUTRITION OF CHILDREN UNDER 5 NATIONWIDE FELL FROM 28.4 PERCENT IN 1994 TO 20.8 PERCENT IN 1995, URBAN SLUM COMMUNITIES HAD A MALNUTRITION RATE OF 15 PERCENT, AND THE RATE OF LOW BIRTH WEIGHT BABIES IN THE NORTH AND PORT-AU-PRINCE REACHED A RECORD FOUR-YEAR LOW. IN ORDER TO SUPPORT HAITI DURING ITS DIFFICULT TRANSITION PERIOD,

LAC/W SUPPORTS USAID/H EFFORTS TO OBTAIN INCREASES IN TITLE III FUNDING.

D. MONETIZATION PROPOSAL FOR P.L. 480 TITLE II COMMODITIES. THE MISSION SHOULD CONSULT WITH LAC/W, WHICH WILL WORK WITH BHR, M/B, AND PPC TO EXPLORE OTHER OPTIONS THAN MONETIZATION. THE MISSION'S PROPOSAL MAY NOT MEET STATUTORY REQUIREMENTS UNDER TITLE II. BY LAW, TITLE II PROGRAMS ARE BETWEEN THE USG AND PVOS. ONLY IN AN EMERGENCY SITUATION CAN TITLE II BE PROGRAMMED THROUGH GOVERNMENTS. IN THIS REGARD, THE AA/LAC STATED THAT HE

E. PROGRAM PRIORITIES. HOWEVER SIGNIFICANT USAID CONTRIBUTIONS TO INCREASED STABILITY HAVE BEEN DURING THE PAST TWO YEARS OF TRANSITION, IT REMAINS THAT CERTAIN ACHIEVEMENTS COULD BE UNDONE UNLESS THEY ARE SUPPORTED OVER THE MID TO LONG-TERM. FOR EXAMPLE, CHILDHOOD DISEASES AND HIV/AIDS, IF NOT ADDRESSED ON A CONTINUING BASIS, THREATEN TO NEGATE ACHIEVEMENTS ALREADY MADE. DUE TO THE LONG-TERM NEED FOR INVESTMENTS IN THE SOCIAL SECTOR, THE MISSION SHOULD WORK WITH OTHER DONORS TO ENSURE FUNDING FOR HEALTH AND EDUCATION ACTIVITIES.

IN THE EDUCATION SECTOR, THE MISSION AFFIRMED ITS INTENTION TO PROCEED WITH THE IMPLEMENTATION OF THE EDUCATION 2004 ACTIVITY AND PROVIDED A COPY OF THE EDUCATION 2004 ACTIVITY DESCRIPTION AND OUTLINE OF THE RESULTS PACKAGE CURRENTLY UNDER MISSION REVIEW. THE MISSION ALSO AFFIRMED ITS INTENTION TO PROCEED WITH THE FINAL OBLIGATION OF \$1.7 MILLION UNDER THE IIBE PROJECT, ONCE THE SENATE FOREIGN RELATIONS COMMITTEE REMOVES ITS HOLD ON THE FUNDS. (NOTE: THE HOLD WAS SUBSEQUENTLY LIFTED ON THE BULK OF THE FUNDS.) THE AA/LAC MAINTAINED THAT THE MISSION SHOULD PROCEED WITH INVESTMENTS IN THE EDUCATION SECTOR AND, TO THE EXTENT POSSIBLE, SHOULD PROTECT IT FROM DISPROPORTIONATE CURS SO THAT THE MISSION'S SIGNIFICANT WORK IN EDUCATIONAL REFORM WILL CONTINUE.

- 6. THE NEW MISSION STRATEGY. THE FOLLOWING SUGGESTIONS AND GUIDANCE WERE PROVIDED FOR THE MISSION'S NEW STRATEGIC PLAN (SP) WHICH WILL BE REVIEWED IN SPRING 1997 WITH THE R4.
- A. GENDER. THE MISSION HAS BEEN ADVISED TO INTEGRATE GENDER UNDER EACH STRATEGIC OBJECTIVE AND TO DISAGGREGATE INDICATORS SO THAT ASSESSMENT OF IMPACT BY GENDER IS

POSSIBLE. THE LAC GENDER ADVISOR PROVIDED A MEMORANDUM THAT INCLUDES INITIAL GUIDANCE. SHE ALSO OFFERED TO ASSIST THE MISSION WITH GENDER ISSUES DURING ITS SP DEVELOPMENT PROCESS.

B. FOOD SECURITY. LAC/W, PPC AND BHR WILL PROVIDE TECHNICAL ASSISTANCE TO THE MISSION TO DEVELOP AN INTEGRATED FOOD SECURITY STRATEGY SIMILAR TO THOSE

DEVELOPED IN BOLIVIA AND PERU. THE AA/LAC STATED THAT THIS FOOD SECURITY STRATEGY WILL NEED TO BE INTEGRATED

THROUGHOUT THE NEW SP. IN FUTURE DOCUMENTS THE MISSION SHOULD USE THE GENERALLY ACCEPTED FOOD SECURITY PERFORMANCE INDICATORS OF INCREASED HOUSEHOLD NUTRITION AND AGRICULTURAL PRODUCTION RATHER THAN ITS CURRENT RELIEF INDICATORS (NUMBER OF PEOPLE FED AND FOOD DISTRIBUTION SITES WITH AN INTEGRATED HEALTH PROGRAM).

- PROGRAM PRIORITIES. THE MISSION SHOULD CONTINUE TO USE USAID/W AS TEAM MEMBERS FOR CONSULTATION ON PROGRAM ISSUES. SPECIAL ATTENTION SHOULD BE GIVEN TO THE RELATIVE PRIORITY OF THE SOCIAL SECTORS AND DEMOCRACY. (SEE PARA 5D.)
- FUNDING LEVELS. AVAILABLE FUNDING WILL BE A SIGNIFICANT FACTOR INFLUENCING THE OVERALL SCOPE OF THE IT WILL BE NECESSARY TO DETERMINE, TO MISSION PROGRAM. THE EXTENT POSSIBLE, THE AVAILABLE FUNDING FOR HAITI'S PROGRAM AS SOON AS POSSIBLE SO THAT THE STRATEGIC PLANNING EXERCISE BE REALITY-BASED. CONTINUED AVAILABILITY AND LEVELS OF P.L. 480 RESOURCES WILL BE ESTABLISHED AS SOON AS POSSIBLE AND THE MISSION NOTIFIED ACCORDINGLY.
- RESULTS FRAMEWORKS AND PERFORMANCE INDICATORS. LAC/SPM AND OTHER OFFICES ARE PREPARED TO ASSIST THE MISSION WITH THE DEVELOPMENT OF THE SP. DURING ITS DEVELOPMENT, THE MISSION SHOULD CAREFULLY REEXAMINE WITH ITS PARTNERS, STAKEHOLDERS AND CUSTOMERS, ITS SOS, INTERMEDIATE RESULTS, AND INDICATORS, ENSURING THAT INDICATORS ACCURATELY REFLECT A LONG-TERM DEVELOPMENT VIEW OF FIVE TO EIGHT YEARS, BEGINNING IN FY 1998. PROGRAMMING SHOULD REFLECT THE MISSION'S MANAGEABLE INTEREST. CHRISTOPHER BT#8229

NNNN

March 4, 1998

#### Memorandum

TO: See

See Distribution (attached)

FROM:

LAC/SPM, Vincent Cusumano

SUBJECT: Haiti Strategic Plan for FY 1999-2004

		<u>Da</u>	te	<u>Time</u>	Room
Issues Due	March	31	, 1998	СОВ	
SO Technical Review -	~ · ·	_	1.000		
Increased Human Capacity SO Technical Review -	April	2,	1998	9:00	5.09-009 RRB
Desired Family Size	April	2.	1998	10:00	5.09-009 RRB
SO/SpO Technical Review -		~ ,		10.00	3.05 005 1445
Democracy/Police Protection	April	2,	1998	11:00	5.09-009 RRB
SpO Technical Review -					
Streamlined Government	April	3,	1998	9:00	5.09-009 RRB
SO Technical Review -					
Env. Degradation Slowed	April	3,	1998	10:00	5.09-009 RRB
SO Technical Review -					
Increased Income	April			11:00	5.09-009 RRB
Issues Meeting	April			10:00	1401 NTB <sup>1</sup>
DAEC Review	April	9,	1998	2:00	4.08 E/F RRB

Attached for your review and comment is the Haiti Strategic Plan for FY 1999-2004. Technical Review Team Leaders are responsible for organizing the Team's submission of draft technical and related issues to SPM by the "Issues Due" date shown above. It is expected that at least one meeting of the Technical Review Team for each Strategic Objective (SO) and Special Objective (SpO) will be needed to finalize issues to be brought forward to the Issues Meeting and to synthesize issues resolved. The dates and times of those Technical Reviews with Mission representatives are shown above.

All technical issues will be submitted to the Technical Review Teams. Issues that are not specific to an SO or SpO (such as cross-cutting, resource allocation and management issues) are to be provided to Robert Boncy, LAC/SPM, Phone (202) 712-0964, by e-mail attachment. LAC/SPM will prepare a consolidated Issues Paper for the Issues Meeting which will be chaired by Vincent Cusumano, Director, LAC/SPM. The DAEC Review will be chaired by Mark Schneider, AA/LAC.

Issues should be formulated following the format indicated below. Requests for additional information and clarifications should be made directly to the Mission rather than submitted as an issue.

Format for submission of issues:

1. The <u>Issue</u> should be stated in one or two sentences.

National Theater Building, 1331 Penn. Ave. - Enter building through the Shop entrance at 13th & F St. and take elevator to the 14th floor.

- 2. The issue statement should be followed by a  $\underline{\text{Discussion}}$  of no more than one paragraph which provides sufficient, but concise background for understanding the issues. The pros and cons of options for solution should be clearly stated.
- 3. The issue and discussion should be framed in a way which will facilitate its resolution in the Issues Meeting without predetermining the conclusion.

#### Attachments:

- 1. Distribution List
- Strategic Plan
   Last Year's Reporting Cable (Management Contract)

# USAID/Haiti FY 1999-2004 Strategic Plan Distribution List

OFFICE	TNUOMA	ROOM NO.	NAME OF PERSON
AA/LAC	1	5.09-012 RRB	Mark Schneider
	1	5.09.105 RRB	Norma Parker
DAA/LAC			Carl Leonard
DAA/LAC	1	5.09-013 RRB	
DAA/LAC	1	5.09-016 RRB	George Wachtenheim
GC/LAC	1	6.06-091 RRB	Bunyan Bryant
AA/LAC-EMT	1	5.09-001 RRB	Carla Royalty
LAC/DPB	9	5.08-002 RRB	Mike Deal (Deliver all copies to SPurifoy)
LAC/RSD	12	5.09-053 RRB	Tim Mahoney (Deliver all copies to VJones)
LAC/CAR	3	5.09-130 RRB	Doug Chiriboga
M/B/PA	1	6.09-061 RRB	Brad Greene
M/B/SB	2	6.09-074 RRB	Richard Knowles
M/HR/PPIM	_ 1	2.09-037 RRB	Maribeth Zankowski
M/MPI	ī	2.10-011 RRB	Larry Laird
PPC/ROR	ĺ	6.07-012 RRB	Richard Byess
-	1	6.10-063 RRB	
LPA/CL			Kathleen Murphy
ARA/CAR	2	4906 NS	David Greenlee
ARA/ECP	2	3234 NS	Benjamin Muskovitz
ARA/PPC	1	6913 NS	Fay Armstrong
INL/P	2	7811 NS	William McGlynn
DRL/BA	1	7802 NS	Daphne Titus
PPC/AA	1	6.08 RRB	Tom Fox
PPC/CDIE/DI	1	6.07-107 RRB	Gloria White
PPC/CDIE/PME	1	6.07-142 RRB	Brenda Fisher
PPC/PC	7	6.07-011 RRB	Teddy Wood-Stervinou
AA/G	1	3.09-008 RRB	Sally Shelton-Colby
SDAA/G (Acting)	ī	3.10-008 RRB	Charles Costello
G/PDSP	2	5.06-076 RRB	Dennis McGowan
G/DG	4	3.10-024 RRB	Steffi Meyer
G/PHN	7	3.06-042 RRB	John Coury
G/EG	6	2.11-072 RRB	George Like
G/MID	1	3.08-021 RRB	Virginia Lambert
*.	$\frac{1}{4}$	3.09-080 RRB	John Jessup
G/HCD	6	3.08-062 RRB	Paul Crawford
G/ENV			
BHR/PPE	4	8.06-103 RRB	Frank Alejandro
A/AID LAC/SPM	1	6.09-023 RRB	Chris Phillips VCusumano, PThorn,
			RBoncy
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			Inspector General RIG/A San Salvador
			US Embassy, El Salvador
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